



Consolidated Half-Year
Financial Statements

2022

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Corporate Boards

Board of Directors

GIULIO BONAZZI	Chairperson & Chief Executive Officer
ATTILIO ANNONI	Executive Director
GIOVANNI STEFANO LORO	Director
FRANCO ROSSI	Director
SILVANA BONAZZI	Director
SIMONA HEIDEMPERGHER	Director (*) (**)
FRANCESCO PROFUMO	Director (*) (**)
ILARIA MARIA DALLA RIVA	Director (*) (**)
MARGHERITA ZAMBON	Director (*) (**)

(*) Director declaring independence in accordance with Article 147-ter of the CFA and Article 3 of the Self-Governance Code.

(**) Lead Independent Director.

Control, Risks and Sustainability Committee

SIMONA HEIDEMPERGHER	Chairperson
FRANCESCO PROFUMO	Member
ILARIA MARIA DALLA RIVA	Member

Appointments and Remuneration Committee

FRANCESCO PROFUMO	Chairperson
MARGHERITA ZAMBON	Member
ILARIA MARIA DALLA RIVA	Member

Supervisory Board

FABIO EGIDI	Chairperson
KARIM TONELLI	Member
MARCO SARGENTI	External member

Board of Statutory Auditors

STEFANO POGGI LONGOSTREVI	Chairperson
BETTINA SOLIMANDO	Statutory Auditor
BEATRICE BOMPIERI	Statutory Auditor

Independent Audit Firm

PRICEWATERHOUSECOOPERS S.p.A. – Trento (Italia), Via della Costituzione 33

The Board of Directors will remain in office until the approval of the financial statements for the year 2022 and the Board of Statutory Auditors will remain in office until the approval of the financial statements for the year 2023. The independent audit firm was appointed for the 2017-2025 period.

For full details on the Corporate Boards, reference should be made to the Corporate Governance and Ownership Structure Report, drawn up in accordance with Article 123-bis of Legislative Decree 58/1998 and available on the Aquafil Group website.



Directors' Report
of the Aquafil Group
at June 30, 2022

1. GENERAL INFORMATION OF THE PARENT COMPANY AQUAFIL S.P.A.

Registered Office: Via Linfano, 9 - Arco (TN) - 38062 - Italy

Telephone: +39 0464 581111

Certified e-mail: pec.aquafil@aquafil.legalmail.it

E-mail: info@aquafil.com

Website: www.aquafil.com

Share capital (at approval of the Half-Year Financial Statements at June 30, 2022):

- Approved: Euro 50,676,034.18
- Subscribed: Euro 49,722,417.28
- Paid-in: Euro 49,722,417.28

Tax and VAT No.: IT 09652170961

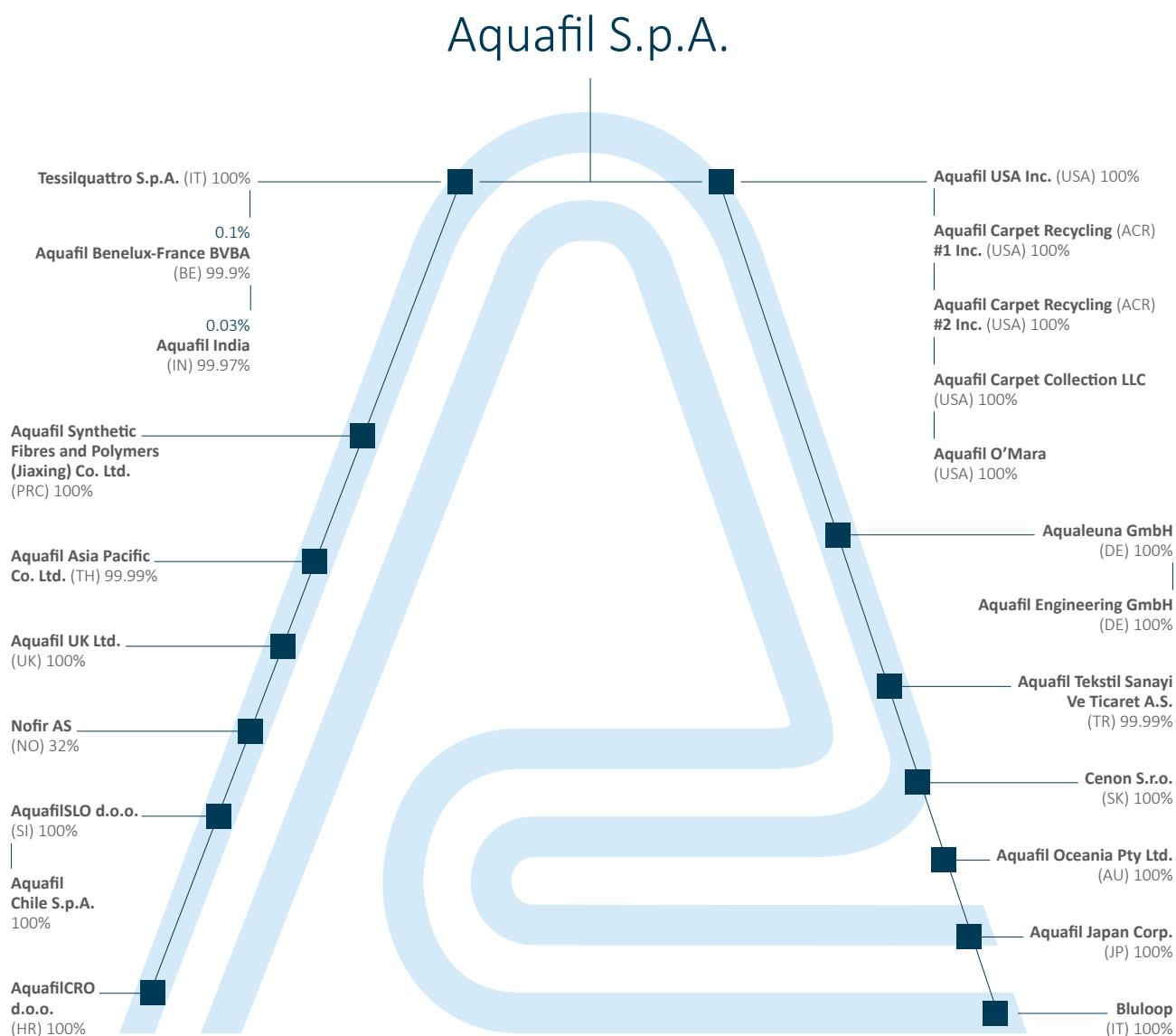
ATECO Code: 20.6

Trento Economic & Administrative Registration: TN - 228169

2. CONSOLIDATION SCOPE

The Group consolidates the following companies, with headquarters in EMEA, the United States, Asia and Oceania.

The changes to the scope in the period are outlined in the Notes.



The Group comprises 21 direct or indirect subsidiaries of Aquafil S.p.A. and one associated company. Production is carried out at 19 plants located in Europe, the United States, Asia and Oceania.

3. SIGNIFICANT EVENTS IN THE FIRST HALF OF 2022

The Group's key events in the first half of the year included:

1. Aquafil Chile S.p.A.: the newly-incorporated company Aquafil Chile S.p.A., based in Santiago, Chile, a wholly-owned subsidiary of Aquafil SLO doo, was acquired with the corporate scope of mainly purchasing fishing nets and other plastic material waste, managing their storage, processing, transport and sale to third parties, as a raw material for reuse in subsequent ECONYL® recycling and regeneration processes.
2. Bluloop Srl benefit company: on June 22, Bluloop S.r.l. was incorporated as a benefit company, a wholly-owned subsidiary of Aquafil S.p.A., whose main corporate scope is to sell products made with ECONYL® polyamide to end consumers on the e-commerce channels. The company also has communication, training and intervention objectives on environmental and social sustainability issues in the areas in which the Aquafil Group operates.
3. Dividend distribution: on April 29, 2022, the Shareholders' Meeting of Aquafil S.p.A. approved the distribution of dividends totalling Euro 6 million, which were paid out on May 11, 2022.
4. Purchase of treasury shares: as part of the share buy-back plan approved by the Shareholders' Meeting of October 20, 2021, the number of shares purchased and held by the company at June 30, 2022 totalled 969,090, equal to 1.8921% of the share capital, for a total value of Euro 6.8 million. Please also refer in this regard to paragraph 14.2 of this Directors' Report.
5. Business Alliance Agreement with Itochu: on March 15, 2022, the signing was announced of a Business Alliance Agreement, on a non-exclusive basis, with Japan-based ITOCHU Corporation to promote and expand the circular nylon business.
6. Settlement of registration tax: the relevant office of the Tax Agency, in May and June 2022, fully reimbursed Aquafil S.p.A. and Domo Chemicals Italy S.r.l. the entire amount of the registration tax of Euro 1.6 million, divided equally, plus statutory interest. This tax had been paid by Domo Chemicals Italy S.r.l. on February 16, 2018 following a dispute, and was subsequently recognised as not due. The tax and interest credit received by Aquafil S.p.A. amounted to Euro 0.84 million.
7. Assessment of direct taxes, IRAP and VAT for FY 2015: on May 5, 2022, following the submission of an application for an agreed settlement for IRES purposes, while restating the correctness of its conduct and solely in order to avoid a lengthy and costly dispute, the Company agreed to settle the IRES assessment notice in terms of higher taxable income with regards to transfer pricing, including penalties and interest, for IRES of Euro 0.4 million and for IRAP of Euro 0.02 million. Therefore, the assessment notices for FY 2015 have been fully settled.
8. Initiation of an audit for direct taxes on FY 2016, 2017, 2018 and 2019: on May 11, 2022, the Trento Tax Agency notified the Company of the initiation of an audit on the 2016, 2017, 2018 and 2019 tax years, with reference to the transfer prices charged by Aquafil to overseas subsidiaries for IT services, in addition to the interest rates applied on loan agreements. The Company has submitted all requested documentation to the Agency and to date no challenges have been made by the Agency in connection with these audits. Pending the development of the Agency's investigative activities for the correct estimation of possible findings, at present, also supported by tax consultant opinions, there are no probable liabilities for the Company.
9. Joint Audit – Aquafil SpA / Aqualeuna GmbH: the company Aqualeuna GmbH was involved in a tax audit by the competent German federal tax office in Leuna concerning inter-company transactions. On July 15, 2021, the company was notified by the German tax administration's audits unit in Halle of the conclusion of the tax audits for fiscal years 2013-2017. The upward adjustment to Aqualeuna's assessable income were:
 - a. for the period 2013-2015, not subject to international cooperation with the Italian administration: upward adjustment of Euro 0.7 million, offset by the equal utilisation of the company's prior year losses;
 - b. for the period 2016, subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 1.4 million, with corresponding equal adjustment to the benefit of Aquafil in Italy, for which during the first half of 2022 the corresponding adjustment was made official by the Trento Provincial Office. In fact, on July 26, 2022, the Office recognised the amount of Euro 0.4 million upon closure of the reimbursement file and therefore without impact on the consolidated results;
 - c. for the 2017 period, not subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 3.7 million and the submission of a request to recognise a decrease in IRES and IRAP assessable income, filed by Aquafil on January 21, 2022. Given the use of prior year losses of Aqualeuna, the increased taxes for the company for 2013-2017 came to Euro 0.2 million. For tax years 2018 and 2019, not the subject of the aforementioned audits and during which Aqualeuna recognised further tax losses, the German tax administration began another audit in September 2021, requesting that the Italian tax administration launch a joint audit similar to the one conducted for 2016. For these years also, in the event of either a joint

audit or the start of out-of-court settlement followed by arbitration, any increases demanded in Germany are expected to be adjusted in Italy. Therefore, given all of the above, and as supported by the opinion of tax consultants, this potential liability is deemed not to be measurable and is, in any event, not probable. For this reason, no allocation to provisions for risks has been recognised.

10. *FY 2019 VAT refund*: on June 17, 2022, the Company was notified of, and subsequently reimbursed, the 2019 annual VAT credit, including statutory interest, requested in the amount of Euro 0.5 million.

4. IMPLICATIONS OF THE COVID-19 PANDEMIC AND THE RUSSIA-UKRAINE CONFLICT

The Aquafil Group continues to closely monitor the evolving *Covid-19 pandemic*, including the spread of variants, maintaining all preventive measures taken at all operational locations globally, confirming the key objective of protecting the health of its employees and collaborators. Remote working (where possible) has been continued, alongside - among other measures - access to company locations only by those strictly required for organisational processes, personnel hygiene and cleaning/office sanitation measures, personal protective equipment, temperature monitoring using thermal cameras and social distancing rules.

Thanks to this focus on the health safety measures adopted since January 2020 at Aquafil's Chinese Jiaying facility and extended thereafter to all subsidiaries globally, the Group has effectively combatted the virus and has very significantly limited infections among employees in the workplace, without major adverse health impacts.

The Group has constantly monitored the real and potential impact of the Covid-19 emergency on the Group's various business activities, financial position, credit risk, liquidity risk and overall operating performance.

Specifically, it may be concluded that the persistence of the health crisis has not had significant impact on the period results, nor has it generated particular difficulties.

Russia's invasion of Ukraine of February 24 is a source of major political and economic instability for Europe, with military, geopolitical and humanitarian consequences and repercussions on global trade, which has slowed considerably over the period. In particular, China's highly restrictive measures in certain areas have weighed upon its trade, while international sanctions have impacted the import of goods from Russia. Inflation - which was already high in Q1 - has continued to spiral, hitting very high levels in Europe and the US in June, driven by accelerating energy and food prices. These factors led to the downward review of estimates for both global GDP growth for the present year, now projected at 3% (previously 4.5%), and of international trade.

The sanctions applied against Russia were also supported by energy market measures, banning the import of coal and other solid fossil fuels into the EU from Russia from August 2022. This decision also impacted gas supplies to Italy (used also to generate electricity), leading the government to turn to other markets. Gas and electricity prices therefore rose further from the heights already emerging from the second half of 2021, due to the pandemic initially and subsequently to the recovery of production as the health emergency has dissipated.

Against this still evolving situation, the Aquafil Group was also impacted by rising prices for energy and gas, raw materials and most production factors and services during the period, which emerged initially in 2021 and was thereafter exacerbated by the conflict. The range of Group product lines across the various regions have been impacted by rising inflation. Thanks however to a strong competitive position and overall consumer market resilience, it was possible to fully recover these increases through sales prices. With regards to commercial relations with parties located in the countries involved in the conflict, the Group does not have a dependence on particular products and/or suppliers/clients in these areas which may impact upon operations. No direct consequences were therefore felt from the stoppage of import/exports of the products and businesses subject to limitations.

5. AQUAFIL ON THE STOCK MARKET

At June 30, 2022, the Aquafil share price (ISIN IT0005241192) was Euro 6.26, decreasing approx. 18% on December 31, 2021 (Euro 7.66), against a reduction in the FTSE MIB index of 23% in the period.

The Aquafil share during the period traded between a low of Euro 5.385 (on March 4, 2022) and a high of Euro 7.8425 (on January 5, 2022).

The average traded volume in the period was 51,647 shares, with a maximum daily volume (traded on May 18, 2022) of 292,000 shares and a minimum daily volume (traded on April 12, 2022) of 3,280 shares.

6. AQUAFIL GROUP CONSOLIDATED FINANCIAL HIGHLIGHTS

6.1 Definition of alternative performance indicators

Gross operating profit (EBITDA)

This is an alternative performance indicator not defined under IFRS but used by company management to monitor and assess the operating performance as not impacted by the effects of differing criteria in determining taxable income, the amount and types of capital employed, in addition to the amortisation and depreciation policies. This indicator is defined by the Aquafil Group as the net result for the year adjusted by the following components:

- *income taxes,*
- *investment income and charges,*
- *amortisation, depreciation and write-downs of tangible and intangible assets,*
- *provisions and write-downs,*
- *financial income and charges,*
- *non-recurring items.*

Adjusted EBIT

Calculated as EBITDA, to which the accounts “amortisation, depreciation and write-downs” and “provisions and write-downs” are added. Adjusted EBIT differs from EBIT in terms of the non-recurring components and other charges, as specified in the notes to the “Key Group Financial Highlights” table.

Net Financial Position

On April 29, 2021, Consob issued “Call to attention No. 5/21” in which it highlighted that the new “ESMA Guidelines” of March 4, 2021 replaced on May 5, 2021 those of preceding Consob communications. In particular, guideline No. 39 requires that financial statement disclosure includes the following definition of net financial debt:

- A. Liquidity
- B. Other liquidity
- C. Other current financial assets
- D. Liquidity (A + B + C)**
- E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)
- F. Current portion of non-current financial debt
- G. Current financial debt (E + F)**
- H. Net current financial debt (G – D)**
- I. Non-current financial debt (excluding current portion and debt instruments)
- J. Debt instruments
- K. Trade payables and other non-current payables
- L. Non-current financial debt (I + J + K)**
- M. Total financial debt (H + L)**

6.2 Key Group Financial Highlights

(in Euro thousands)	June 30, 2022	June 30, 2021
Profit for the period	17,674	8,911
Income taxes	6,457	2,078
Investment income and charges	70	
Amortisation, depreciation and write-downs	23,756	23,312
Provisions and write-downs	(200)	51
Financial items (*)	2,435	4,485
Non-recurring items (**)	1,321	504
EBITDA	51,513	39,341
Revenues	351,009	274,700
EBITDA margin	14.7%	14.3%

(in Euro thousands)	June 30, 2022	June 30, 2021
EBITDA	51,513	39,341
Amortisation, depreciation and write-downs	(23,756)	(23,312)
Provisions and write-downs	200	(51)
Adjusted EBIT	27,956	15,978
Revenues	351,009	274,700
Adjusted EBIT margin	8.0%	5.8%

(*) Comprises: (i) financial income for Euro 3.0 million, (ii) interest expense on loans and other bank charges for Euro -3.9 million, (iii) customer cash discounts for Euro -2.1 million and (iv) net exchange gains for Euro 0.5 million.

(**) Comprises: (i) non-recurring charges for expansion costs of Euro -0.1 million, (ii) non-recurring costs relating to the companies Aquafil Carpet Collection and ACR2 for Euro -1 million (net of non-recurring revenues of Euro 0.6 million); (iii) other non-recurring charges for Euro -0.2 million. For further details, see paragraph 6.14 of the Notes to the Half-Year Financial Statements.

For an analysis of the highlights indicated above, reference should be made to subsequent paragraphs.

6.3 Key Group balance sheet and financial indicators

(in Euro thousands)	June 30, 2022	December 31, 2021
Consolidated Shareholders' Equity	173,669	152,102
Net Financial Position	202,173	179,318
EBITDA LTM (Last Twelve Months)	84,246	72,075
NFP/EBITDA	2.400%	2.488%

The comments on the movements in the Net Financial Position are reported in paragraph 9 "Group balance sheet and financial position".

7. H1 2022 CONSOLIDATED INCOME STATEMENT

The H1 2022 Income Statement compared with the previous half year is reported below:

Consolidated Income Statement (in Euro thousands)	Note	June 30, 2022 of which non-recurring		June 30, 2021 of which non-recurring	
Revenues	6.1	351,009	525	274,700	0
of which related parties		26		27	
Other revenues and income	6.2	2,413	114	2,685	443
Total revenues and other revenues and income		353,422	639	277,385	443
Cost of raw materials and changes to inventories	6.3	(158,365)	(294)	(135,494)	0
Service costs and rents, leases and similar costs	6.4	(81,957)	(738)	(50,100)	(305)
of which related parties		(230)		(212)	
Personnel costs	6.5	(64,898)	(811)	(55,805)	(582)
Other costs and operating charges	6.6	(2,446)	(115)	(1,640)	(61)
of which related parties		(35)		(35)	
Amortisation, depreciation & impairments	6.7	(23,756)		(23,312)	
Provisions and write-downs	6.8	174		(128)	
(Write-down)/recovery of financial assets (receivables)	6.8	26		77	
Increase in internal work capitalised	6.9	2,347		3,077	
EBIT		24,548	(1,321)	14,060	(504)
Investment income/charges		(70)		0	
of which related parties		90		0	
Financial income	6.10	2,987		491	
Financial charges	6.11	(3,862)		(3,822)	
of which related parties		(64)		(79)	
Exchange gains/losses	6.12	528		260	
Profit before taxes		24,131	(1,321)	10,989	(504)
Income taxes	6.13	(6,457)		(2,078)	
Profit for the period		17,674	(1,321)	8,911	(504)
Minority interest net profit		0		0	
Group Net Profit		17,674	(1,321)	8,911	(504)
Basic earnings per share	6.15	0.35		0.17	
Diluted earnings per share	6.15	0.35		0.17	

7.1 Comments on the main H1 Consolidated Income Statement accounts

Comments on the main H1 Consolidated Income Statement accounts compared to H1 of the previous year follow:

Revenue breakdown by product line and region

Revenues by region and product line are presented in the following table (Euro millions) and also in percentage terms, alongside an analysis of the movements against the same period of the previous year:

	BCF (carpet yarn)				NTF (clothing yarn)				Polymers				Total			
	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%
EMEA	117.8	90.6	27.2	30.0%	57.9	41.6	16.2	39.0%	28.8	35.1	(6.3)	(18.0%)	204.5	167.3	37.1	22.2%
North America	76.3	41.0	35.3	86.2%	16.6	13.9	2.8	20.0%	1.5	3.3	(1.8)	(54.6%)	94.4	58.1	36.3	62.5%
Asia and Oceania	48.1	45.8	2.3	5.1%	1.8	2.1	(0.3)	(15.9%)	0.5	0.4	0.2	46.5%	50.5	48.3	2.2	4.5%
Rest of the world	0.3	0.2	0.1	74.3%	1.3	0.8	0.6	73.5%	0.0	0.0	0.0	0.0%	1.6	0.9	0.7	73.7%
Total	242.6	177.6	65.0	36.6%	77.6	58.4	19.2	33.0%	30.8	38.7	(7.9)	(20.5%)	351.0	274.7	76.3	27.8%
%	69.1%	64.6%			22.1%	21.3%			8.8%	14.1%						

Sales revenues in the period rose to Euro 351 million, up Euro 76.3 million (+27.8%) on Euro 274.7 million in H1 2021. This increase was due both to higher sales prices, which recovered the cost increases for raw materials and most goods and services, in addition to

a better sales mix which more than offset the drop in volumes, entirely concerning the polymers product line and which in H1 2021 reported an exceptional performance.

Specifically, a comparison between the two periods highlights:

1. **EMEA revenues** totalled Euro 204.5 million, compared to Euro 167.3 million in the same period of the previous year, increasing Euro 37.1 million (+22%). This result improved strongly due to the price effect across all product lines, particularly for the polymers line, whose reduction of Euro 6.3 million was due to the cumulative effect of price increases and a reduction in quantities sold. The BCF line reports a partially positive change in the sales mix, with a reduction in residential end-market application volumes, which were very high during the pandemic, and an increase for more complex and higher added value “contract” flooring applications. Automotive market application sales volumes were stable. For the BCF line, but mainly for the NTF line, demand for ECONYL®-based yarns remained high and continues to grow;
2. **North American revenues** were Euro 94.4 million, compared to Euro 58.1 million in the same period of the previous year, an increase of Euro 36.3 million (+62%). The BCF product line reports both increased prices and volumes for all of the main applications following a boost to market share as a result of the disengagement from the fiber market of the competitor Invista. The NTF sales of Aquafil O’Mara also rose, entirely due to higher sales prices;
3. **Asia and Oceania revenues** amounted Euro 50.5 million, compared to Euro 48.3 million in the same period of the previous year, increasing Euro 2.2 million (+5%). This increase is mainly due to the higher sales prices and the growth of ECONYL®-based yarns.

Other revenue and income

Other revenues and income totalled Euro 2.4 million, compared to Euro 2.7 million in H1 2021, decreasing Euro 0.3 million (-10%), due to movements in government grants and other income.

Raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 158.4 million, compared to Euro 135.5 million in H1 2021, an increase of Euro 22.9 million (+16.9%). The average purchase price of caprolactam rose by over 40% on the previous year and that of polyamide 6.6 polymer for NTF use by more than 70%. This increase reflects the rise in the price of oil and of its derivatives, in addition to the cost of utilities and increased prices for caprolactam processes and for polymer purchases.

Service costs

Service costs totalled Euro 82 million, compared to Euro 50.1 million in H1 2021, an increase of Euro 31.9 million (+63.6%). Excluding the effect of non-recurring costs, the increase would have amounted to Euro 31.4 million. Not considering non-recurring costs and revenues, service costs represented 23.2% of revenues, compared to 18.1% in the same period of the previous year. That stated in terms of the extraordinary increase in unitary prices is applicable also to service costs. We particularly highlight the increased costs of energy services and transport.

Personnel costs

Personnel costs were Euro 64.9 million, compared to Euro 55.8 million in H1 2021, an increase of Euro 9.1 million (+16.3%). Excluding the effects of non-recurring costs, the increase would have amounted to Euro 8.9 million, accounting for 18.3% of revenues (20.1% in H1 2021).

The increased personnel cost was mainly due to the higher number of staff at almost all Group production plant, with the average rising from 2,707 in H1 2021 to 2,803 in H1 2022, in addition to an increase in the average cost across all regions.

Other costs and operating charges

Other costs and operating charges amount to Euro 2.4 million (Euro 1.6 million in H1 2021), increasing Euro 0.8 million (+49%).

Increases for internal work

The increases for internal work amount to Euro 2.3 million (Euro 3.1 million in H1 2021), decreasing Euro 0.8 million (-23.7%). The movements principally concern the lower costs for development projects incurred in the first half of 2022 compared to the same period of the previous year.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 51.5 million, compared to Euro 39.3 million in the same period of the previous year, up Euro 12.2 million (+30.9%).

The increase is mainly due both to the alignment between sales prices and the unitary consumption costs of raw materials and energy, in addition to the improved sales mix in the period.

The EBITDA Margin on revenues in H1 2022 was 14.7% (14.3% in the same period of the previous year).

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in H1 2022 totalled Euro 23.8 million, compared to Euro 23.3 million in the preceding period (increasing Euro 0.5 million). This figure, substantially in line with the preceding period, relates to the straight-line amortisation and depreciation of fixed assets. Amortisation began in the first half of 2022 of the intangible asset related to the “Effective” Bio-ca-prolactam project.

Other provisions

“Other provisions” report a positive balance in H1 2022 of Euro 0.2 million, compared to a negative balance of Euro 0.1 million in the same period of the previous year, with an overall increase of Euro 0.3 million.

EBIT

H1 2022 EBIT was Euro 24.5 million, compared to Euro 14.1 million in the same period of the previous year (increasing Euro 10.4 million). The improvement is principally due to the increase in EBITDA, in addition to the combined effects from changes to amortisation and depreciation and lower non-recurring charges and other provisions.

Financial Management Result

H1 2022 net financial charges amounted to Euro 0.4 million, compared to Euro 3.1 million in the same period of the previous year (improving Euro 2.7 million). The movement relates to:

- a) financial income, increasing Euro 2.4 million on the previous period, mainly due to the MTM measurement of IRS (Interest Rate Swap) derivatives undertaken in order to manage interest rate fluctuations on the parent company’s medium-term loan contracts, although accounted as non-hedging contracts, as outlined in paragraph 5.3 “Current and non-current financial assets and investments measured at equity” below in the Explanatory Notes;
- b) exchange gains in the period of Euro 0.5 million, compared to Euro 0.2 million in the same period of the previous year (with a positive impact of Euro 0.3 million).

Income taxes

Income taxes in the period totalled Euro 6.5 million, compared to Euro 2.1 million in the same period of the previous year (increasing Euro 4.4 million, due to the higher gross profit).

Consolidated Half-Year Result

The Group consolidated net result was a profit of Euro 17.7 million, compared to Euro 8.9 million in the same period of the previous year, improving Euro 8.8 million (+98.3%).

8. Q2 2022 CONSOLIDATED INCOME STATEMENT

The interim reporting is supported by a breakdown of the consolidated result for Q2 2022 against the same period of 2021.

Key Financial Highlights (in Euro thousands)	Q2 2022	Q2 2021
Profit for the period	8,554	5,417
Income taxes	3,675	863
Investment income and charges	70	0
Amortisation, depreciation and write-downs	12,838	11,984
Provisions and write-downs	(191)	(51)
Financial income/(charges)	893	2,483
Non-recurring items	861	318
EBITDA	26,699	21,014
Revenues	179,849	144,060
EBITDA margin	14.8%	14.6%

(in Euro thousands)	Q2 2022	Q2 2021
EBITDA	26,699	21,014
Amortisation, depreciation and write-downs	(12,838)	(11,984)
Provisions and write-downs	191	51
Adjusted EBIT	14,053	9,082
Revenues	179,849	144,060
Adjusted EBIT margin	7.8%	6.3%

Consolidated Income Statement (in Euro thousands)	Note	Q2 2022	of which non-recurring	Q2 2021	of which non-recurring
Revenues		179,849	229	144,060	0
<i>of which related parties</i>		13		14	
Other revenues and income		1,157	23	1,859	439
Total revenues and other revenues and income		181,006	252	145,919	439
Cost of raw materials and changes to inventories		(79,798)	(203)	(72,729)	0
Service costs and rents, leases and similar costs		(43,097)	(384)	(25,785)	(232)
<i>of which related parties</i>		296		(103)	
Personnel costs		(33,511)	(464)	(28,490)	(471)
Other costs and operating charges		(1,212)	(60)	(845)	(53)
<i>of which related parties</i>		(17)		(17)	
Amortisation, depreciation & write-downs		(12,838)		(11,984)	
Provisions and write-downs		191		(19)	
Write-downs of financial assets (receivables)		1		70	
Increase in internal work capitalised		1,343		1,852	
EBIT		12,085	(861)	7,990	(318)
Investment income/charges		(70)		0	
<i>of which related parties</i>		90		0	
Financial income		1,293		254	
<i>of which related parties</i>		(0)		(0)	
Financial charges		(1,991)		(1,790)	
<i>of which related parties</i>		(33)		(33)	
Exchange gains/losses		912		(174)	
Profit before taxes		12,229	(861)	6,280	(318)
Income taxes		(3,675)		(863)	
Profit for the period		8,554	(861)	5,417	(318)
Minority interest net profit		(0)		(0)	
Group Net Profit		8,554	(861)	5,417	(318)

8.1 Comments on the main Q2 Consolidated Income Statement accounts

Comments on the main Q2 Consolidated Income Statement accounts compared to Q2 of the previous year follow:

Revenues by product line and region

Revenues by region and product line are presented in the following table (Euro millions) and also in percentage terms, alongside an analysis of the movements against the same period of the previous year:

	BCF (carpet yarn)				NTF (clothing yarn)				Polymers				Total			
	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%	1H22	1H21	Δ	Δ%
EMEA	58.5	47.2	11.3	23.8%	29.4	20.3	9.1	45.0%	14.3	22.6	(8.3)	(36.8%)	102.2	90.1	12.1	13.4%
North America	42.4	21.7	20.7	95.5%	9.3	6.6	2.6	39.4%	1.2	2.1	(0.8)	(40.1%)	52.9	30.4	22.5	73.9%
Asia and Oceania	22.9	21.1	1.8	8.6%	0.8	1.6	(0.8)	(48.1%)	0.1	0.2	(0.1)	(52.0%)	23.9	23.0	0.9	3.9%
Rest of the world	0.1	0.1	0.0	10.8%	0.7	0.4	0.3	77.6%	(0.0)	0.0	(0.0)	N/A	0.9	0.5	0.3	62.9%
Total	123.9	90.1	33.8	37.5%	40.2	29.0	11.3	39.0%	15.7	25.0	(9.3)	(37.2)%	179.8	144.1	35.8	24.8%
	68.9%	62.6%			22.4%	20.1%			8.7%	17.3%						

Sales revenues totalled Euro 179.9 million, compared to Euro 144.1 million for Q2 2021, increasing Euro 35.8 million (+24.8%). This increase was due both to higher sales prices, which recovered the cost increases for raw materials and most goods and services, in addition to a better sales mix which more than offset the drop in volumes, entirely concerning the polymers product line and which in H1 2021 reported an exceptional performance.

Specifically, a comparison between the two periods highlights:

- EMEA revenues** were Euro 102.2 million, compared to Euro 90.1 million in the same period of the previous year, an increase of Euro 12.1 million (+13.4%). The increase in revenues concerned all product lines as a result of higher sales prices. The BCF line reports a partially positive change in the sales mix, with a reduction in residential end-market application volumes, which were very high during the pandemic, and an increase for more complex and higher added value “contract” flooring applications. Automotive market application sales volumes were stable. For the BCF line, but mainly for the NTF line, demand for ECONYL®-based yarns remained high and continues to grow;
- North American** revenues were Euro 52.9 million, compared to Euro 30.4 million in the same period of the previous year, an increase of Euro 22.5 million (+73.9%). For the BCF USA product line, the increase in prices was accompanied by a significant rise in sales volumes for all applications, due to the greater market share following the disengagement of the competitor Invista from the fibers market. Aquafil O’Mara’s NTF sales also grew, mainly for interior design end applications;
- Asia and Oceania revenues** amounted Euro 23.9 million, compared to Euro 23.0 million in the same period of the previous year, an increase of Euro 0.9 million (+3.9%). The increase mainly concern the higher sales prices and the growth for ECONYL®-based yarns.

Other revenue and income

Other revenues and income amounted to Euro 1.2 million, compared to Euro 1.9 million in Q2 2021, a decrease of Euro 0.7 million (-38%).

Raw materials, ancillaries and consumables

Raw materials, ancillaries and consumables totalled Euro 79.8 million, compared to Euro 72.7 million in Q2 2021, an increase of Euro 7.1 million (+9.7%). This is due to the higher purchase prices of raw materials and materials, in particular; the average purchase price of caprolactam rose by over 30% on Q2 of the previous year and that of polyamide 6.6 polymer for NTF use by more than 70%.

Service costs

Service costs totalled Euro 43.1 million, compared to Euro 25.8 million in Q2 2021, an increase of Euro 17.3 million (+67.1%). Excluding the effect of non-recurring costs, the increase would have amounted to Euro 17.2 million. Not considering non-recurring costs and revenues, service costs represented 23.8% of revenues, compared to 17.7% in the same period of the previous year. That stated in terms

of the extraordinary increase in unitary prices is applicable also to service costs. In particular, the increased costs of energy services and transport had a significant impact.

Personnel costs

Personnel costs were Euro 33.5 million, compared to Euro 28.5 million in Q2 2021, an increase of Euro 5 million (+17.6%). The percentage of revenues, net of non-recurring costs, was 18.4% (19.4% in Q2 2021). The increased personnel cost was mainly due to the higher number of staff at almost all Group production plant, with the average rising from 2,745 in Q2 2021 to 2,804 in Q2 2022, in addition to an increase in the average cost across all regions.

Other costs and operating charges

Other costs and operating charges amount to Euro 1.2 million (Euro 0.8 million in Q2 2021), increasing Euro 0.4 million (+43.4%).

Increases for internal work

The increases for internal work amount to Euro 1.3 million (Euro 1.8 million in Q2 2021), decreasing Euro 0.5 million (-27.5%). The movements principally concern the reduced costs for development projects incurred in the second quarter of 2022 compared to the same period of the previous year.

EBITDA

EBITDA, as defined by the alternative performance measures outlined in the key financial highlights of this report, was Euro 26.7 million, compared to Euro 21.0 million in Q2 2021, increasing Euro 5.7 million (+27%). The increase is mainly due both to the alignment between sales prices and the unitary consumption costs of raw materials and energy, in addition to the improved sales mix in the period.

The EBITDA Margin on revenues in Q2 2022 was 14.8% (14.6% in the same period of the previous year).

Amortisation, depreciation and write-downs

Amortisation, depreciation and write-downs in Q2 2022 amounted to Euro 12.8 million (Euro 12.0 million in the same period of the previous year), increasing by Euro 0.8 million. Amortisation in the quarter includes the start of amortisation of the intangible asset related to the “Effective” Bio-caprolactam project.

Other provisions

Other provisions in Q2 2022 amounted to Euro 0.2 million, compared to Euro 0.1 million in the same period of the previous year, increasing Euro 0.1 million. The decrease is due to the greater accrual to the risks provision in the second quarter of 2022.

EBIT

Q2 2022 EBIT was Euro 12.1 million, compared to Euro 8.0 million in the same period of the previous year (an increase of Euro 4.1 million). The increase is mainly due to the higher EBITDA, taking account of the increased amortisation and depreciation in the period.

Financial Management Result

Net financial income of Euro 0.1 million was reported in Q2 2022, compared to charges of Euro 1.7 million in the same period of the previous year (improving Euro 1.8 million). This is mainly due to:

- a) the lower financial charges in the period of Euro 0.8 million, compared to Euro 1.5 million in the same period of the previous year, improving by Euro 0.7 million; this benefitted from the MTM measurement of IRS (Interest Rate Swap) derivatives undertaken in order to manage interest rate fluctuations on the parent company’s medium-term loan contracts, although accounted as non-hedging contracts, as outlined in paragraph 5.3 “Current and non-current financial assets and investments measured at equity” below in the Explanatory Notes;
- b) exchange gains in the period of Euro 0.9 million, compared to net losses of Euro 0.2 million in the same period of the previous year, improving by Euro 1.1 million.

Income taxes

Income taxes were Euro 3.7 million, compared to Euro 0.9 million in the same period of the previous year, increasing Euro 2.8 million as a result of the higher gross profit.

Consolidated Quarterly Result

The Group consolidated net result was a profit of Euro 8.6 million, compared to Euro 5.4 million in the same period of the previous year.

9. GROUP BALANCE SHEET AND FINANCIAL SITUATION

The following table reclassifies the consolidated equity and financial position of the Group at June 30, 2022 and December 31, 2021.

Group Balance Sheet and Financial Situation (in Euro thousands)	June 30, 2022	December 31, 2021	Change
Trade receivables	41,416	31,233	10,183
Inventories	237,890	177,243	60,647
Trade payables	(157,687)	(126,566)	(31,120)
Tax receivables	634	423	211
Other current assets	12,703	12,853	(150)
Other current liabilities	(28,455)	(25,608)	(2,847)
Non-current assets held for sale	0	0	0
Net working capital	106,502	69,578	36,924
Property, plant and equipment	247,878	240,489	7,389
Intangible assets	22,118	23,551	(1,433)
Goodwill	16,067	14,735	1,332
Financial assets	1,756	1,703	53
Net fixed assets	287,819	280,478	7,341
Employee benefits	(5,448)	(5,910)	462
Other net assets/(liabilities)	(13,031)	(12,726)	(305)
Net capital employed	375,842	331,420	44,422
Cash and banks	136,941	152,656	(15,715)
ST bank payables and loans	(50,512)	(48,384)	(2,129)
M-LT bank payables and loans	(169,931)	(166,315)	(3,615)
M-LT bond loan	(77,470)	(83,210)	5,740
ST bond loan	(13,117)	(7,459)	(5,658)
Current financial receivables	4,216	860	3,356
Other financial payables	(32,300)	(27,466)	(4,834)
Net financial position	(202,173)	(179,318)	(22,855)
Group shareholders' equity	(173,668)	(152,101)	(21,567)
Minority interest shareholders' equity	(1)	(1)	0
Total shareholders' equity	(173,669)	(152,102)	(21,567)

Net working capital totalled Euro 106.5 million, increasing Euro 36.9 million compared to Euro 69.9 million at December 31, 2021.

The increase is mainly due to the higher value of inventories (Euro 61 million in the period, of which Euro 33 million in Q2), which is mainly due to increased raw material and other component costs. The increase in trade receivables was limited, while the exposure to suppliers of raw materials, goods and services rose significantly (Euro 31 million in the period, of which Euro 26 million in Q2).

Fixed assets at June 30, 2022 totalled Euro 287.8 million, increasing Euro 7.4 million on the previous year, mainly due to net investments in property, plant and equipment of Euro 7.4 million.

Investments in tangible and intangible assets are outlined in detail in the Notes. No significant divestments are reported in the period.

Shareholders' equity rose Euro 21.6 million, from Euro 152.1 million to Euro 173.7 million. The increase is mainly due to the consolidated profit for the period of Euro 17.7 million and exchange gains from the translation of foreign company financial statements of Euro 13.8 million. This increase is partially offset by the distribution of dividends, as approved by the Shareholders' Meeting, for Euro 6 million and the purchase of treasury shares for Euro 4.3 million.

The **Net Financial Position** at June 30, 2022 was a debt of Euro 202.2 million, compared to Euro 179.3 million at December 31, 2021 and Euro 200.9 million at March 31, 2022, increasing Euro 22.9 million in the period, of which Euro 1.3 million in Q2 2022. The main reasons for the movement in the period are presented in detail in the consolidated cash flow statement, which mainly indicates that against the generation of cash flow from operating activities of Euro 48 million, net working capital changes absorbed Euro 38 million, mainly concerning inventories, while investing activities absorbed Euro 16.4 million. The distribution of dividends and the purchase of treasury shares overall absorbed cash of Euro 10.3 million.

The sourcing of funding by the parent company in H1 2022 reaffirmed the Group's decision to maintain high levels of liquidity, even in excess of operating requirements, with the liquidity in the current accounts of the various Group companies totalling Euro 136.9 million, compared to Euro 142 million at March 31, 2022. As a result of this overall liquidity approach, during the first half of the year the parent company, against repayments of medium-term loans according to the regular payment schedule of Euro 25.3 million, entered into new medium-term transactions totalling Euro 31 million, as detailed in the Notes to the Financial Statements.

The short-term credit lines granted to the Group companies continue not to be utilised, except for the limited and temporary requirements of Aquafil USA, and are available for a total amount at period-end of Euro 79.5 million. A "Shelf Facility" line was in addition available, related to the bond loan signed by the Prudential Group companies for a total amount of approx. USD 50 million.

10. INTERCOMPANY TRANSACTIONS AND TRANSACTIONS WITH RELATED COMPANIES

10.1 Inter-company transactions

Aquafil Group operations directly involve — both in terms of production and distribution — the Group companies, which are assigned (depending on the case) the processing, special processing, production and sales phases for specific regions.

The main activities of the various group companies and principal events in H1 2022, broken down by each of the three product lines, were as follows:

BCF (Bulk Continuous Filament for textile floor covering) Line

The core business of the Aquafil Group is the production, re-processing and sale of yarn, mainly polyamide 6-based yarn, partly petroleum based and partly from regenerated ECONYL®, for the higher-quality end-markets. The Group also produces and markets polyester fibers for certain textile flooring applications.

The Group companies involved in the production and sales processes for this product line are the parent company Aquafil S.p.A., with production site in Arco (Italy), Tessilquattro S.p.A., with production based in Cares (Italy) and in Rovereto (Italy), Aquafil SLO d.o.o., with facilities in Ljubljana, Store and Ajdovscina (Slovenia), Aquafil USA Inc. with two facilities in Aquafil Drive and Fiber Drive in Cartersville (USA), Aquafil Synthetic Fibers and Polymers Co. Ltd. with facilities in Jiaying (China), Aquafil Asia Pacific Co. Ltd. with facilities in Rayong (Thailand), Aquafil UK, Ltd. with facilities in Kilbirnie (Scotland), the commercial company Aquafil Benelux-France B.V.B.A. based in Harelbeke (Belgium) and the commercial company Aquafil Oceania Pty Ltd., Melbourne (AUS).

Group commercial operations for this product line are undertaken with industrial clients, which in turn produce for the intermediate/end-consumer markets, whose sectors are principally (a) the "contract" markets (hotels, offices and large public environments), (b) internal high-end car floors and (c) residential textile flooring. Ongoing product and process technology innovation involves frequent updates to the yarns comprising the customer's collection; the research and development is carried out by the internal development centre in collaboration with developers within client companies and architectural studies upon the final users of carpets.

NTF Line (Nylon Textile Filament - Fibers for textile/clothing use)

The NTF product line produces and reprocesses polyamide 6 and 66 fibers, Dryarn® polypropylene microfibers for men's and women's hosiery, knitwear and non-run fabrics for underwear, sportswear and special technical applications. The markets concern producers in the clothing, underwear and sportswear sectors, on which the main clothing brands operate.

The production/sale of fibers for textile/clothing use is undertaken by the companies Aquafil S.p.A., Aquafil SLO d.o.o. with facilities in Ljubljana and Senozece (Slovenia), AquafilCRO d.o.o., with facilities in Oroslavje (Croatia) and Aquafil Tekstil Sanayi Ve Ticaret A. S., with commercial operations based in Istanbul (Turkey).

The percentage of NTF polyamide-6 fiber made from caprolactam obtained from the ECONYL® regeneration process continues to increase, and the product is being increasingly well-received by clothing brands that are sensitive to environmental issues.

Nylon 6 polymer line

The Group produces and sells polymers and polyamide 6 for the “engineering plastics” sectors.

The polymers are mainly produced/sold by Aquafil S.p.A., Aquafil SLO d.o.o. and Aquafil USA Inc. Cartersville (U.S.A.). The companies Tessilquattro S.p.A. and Aquafil S.p.a. have begun the sale of engineering plastics for the plastic moulding industry, with production carried out at the new production site in Rovereto (TN).

ECONYL® regeneration process

A significant proportion of polyamide-6 fibers, for both the BCF and the NTF product lines, as well as for polymers, are produced using the caprolactam from regenerated ECONYL®, a logistical-production system which obtains top-quality caprolactam from the transformation of materials, and mainly recovered industrial (pre-consumer) polyamide 6 and/or (post-consumer) materials disposed of at the end of their life cycle.

The caprolactam monomer obtained at the Ljubljana plant from the ECONYL® process supports all three product lines - BCF, NTF and polymers - as an alternative raw material to that from fossil sources, for applications (a) in textile flooring with a specific sustainability focus, (b) in clothing and accessories, in particular at the request of the leading international fashion brands more dedicated to a concrete circular economy and (c) in the design and manufacture of innovative polyamide 6 based plastic products, instead of other plastic materials that can not be restored to their original state by way of chemical regeneration such as polyamide 6.

The ECONYL® regeneration process is fed by recovering polyamide-6 textile flooring materials and fish netting at the end of their useful lives and a series of other industrial and consumer waste materials with high polyamide-6 content. The process is completed at the facilities of AquafilSLO d.o.o. in Ljubljana (SLO), while taking advantage of synergies within a single system of logistics and production across multiple Group companies. For the regeneration of textile flooring, certain stages of material collection and pre-treatment of used carpeting are carried out by the companies Aquafil Carpet Recycling (ACR) #1 Inc. in Phoenix, Arizona (USA), Aquafil Carpet Recycling (ACR) #2 Inc. in Woodland, California (USA), and Aquafil Carpet Collection LLC in Phoenix, Arizona (USA). The company ACR #1 is operational with the processes of extraction of nylon 6 and other by-products from the “end-of-life” carpets and subsequent regranulation in pellets in order to effectively support the ECONYL® industrial process at the Ljubljana plant. ACR #2 also undertook the extraction of nylon 6 and of other by-products at the Woodland production site from end-of-life carpets. In the second quarter, however, it was however decided to launch a reorganisation and industrial streamlining involving the transfer of production lines to other Group sites, particularly to ACR #1’s Phoenix site and Aquafil SLO doo’s Slovenian site, to improve the current production capacity, while maintaining logistics activities at the Woodland site. For the regeneration of fish netting, in addition to the company Nofir AS in Bodø, Norway, a European leader in the collection and treatment of end-of-life fish netting, the Group began to invest in the fish net supply chain in Chile, through the new company Aquafil Chile, which will operate on that market to support the ECONYL® process.

Other activities

The Slovakian company *Cenon S.r.o.* (Slovakia) does not undertake production activities. On January 12, 2022, the company sold the assets held in Slovakia to third parties, without generating income statement impacts as the relative assets have already been fully written-down. The company is not operative and will likely be the subject of voluntary liquidation.

Aquafil Engineering GmbH, Berlin (Germany), carries out industrial chemical plant design and supply for customers outside the Group and in part for Group companies.

Aqualeuna GmbH, with registered office in Berlin (Germany), does not conduct operations-related activities and is solely the holding company, with a 100% stake, of Aquafil Engineering GmbH. The company currently has a tax dispute pending with the German Tax Agency, a detailed explanation of which may be found in the Notes.

The subsidiary *Aquafil India Private Ltd.* (India) does not undertake operational activities.

During the period, the companies *Aquafil Chile S.p.A.* and *Bluloop S.r.l. Benefit Company* entered the consolidation scope. Reference should be made to section 4 of this report for further details.

With the other related companies to which reference is not expressly made, commercial operations are undertaken at arm's length, in consideration of the features of the goods and services rendered.

10.2 Related party transactions

The transactions of the Aquafil Group with related parties, as defined by international accounting standard IAS 24, relating to the consolidated financial statements for the year ended June 30, 2022, are presented below. The Aquafil Group undertakes commercial and financial transactions with its related companies, consisting of transactions relating to ordinary operations and at normal market conditions, taking into account the features of the goods and services provided.

The Group has made available on its website www.aquafil.com, in the Corporate Governance section, the Related Parties Transactions Policy.

The Aquafil Group undertakes transactions with the following related parties:

- Parent Company and other companies at the head of the chain of control (Parent Companies);
- other parties identified as related parties in accordance with IAS 24 (other related parties).

The transactions between the Parent Company, its subsidiaries outside of the consolidation scope and the Aquafil Group concern financial transactions, commercial leases and transactions for the settlement of accounts receivable and payable arising from the tax consolidation of Aquafil Holding S.p.A., which includes, in addition to Aquafil S.p.A., the company Tessilquattro S.p.A.. The transactions are shown in the Notes to the Consolidated financial report.

The transactions were executed at market conditions; for a breakdown of the income statement and balance sheet amounts generated by related party transactions included in the Group consolidated financial statements at June 30, 2022, reference should be made to the Consolidated financial report.

With the exception of that indicated above there were no other transactions or contracts with related parties which, with regard to materiality upon the financial statements, may be considered significant in terms of value or conditions.

11. RESEARCH AND DEVELOPMENT

11.1 Introduction

Aquafil has a standing Research & Development unit that manages and oversees all product and process innovation applied to BCF yarns, NTF yarns, PA6 polymers and the ECONYL® process and the continued development of the bio caprolactam production process.

Technological research, development and innovation for H1 2022 concerned the main stages of production and the materials used, from the production inputs to the by-products of polymerisation, spinning, reprocessing and, for ECONYL®, regeneration and recycling of materials.

More specifically, R&D led to actions regarding efficiency, performance, product functioning, eco-design, recycling and reuse, the use of natural pigments, the study of micro-plastics, the development of polymerisation processes, and developments in areas of product application, taking advantage of outside contributions coming in the form of market input, new technologies, new solutions and new materials, and the use of solutions recommended by qualified research partners.

A number of projects — due to their complexity and difficulty — last many years and are undertaken in collaboration with outside partners; other less complex projects present results in a short timeframe.

11.2 Summary and description of the individual projects

Technological research, development and innovation concerned numerous projects, some of which began in H1 2022, while others began in prior years. The main projects are listed below:

1. “Ecodesign”, a project to study and identify product and technology know-how in order to define concepts, prototypes and industrial developments for textile floor coverings designed to recuperate any residual value in the materials used, particularly the polyamide 6 portion through the ECONYL® regeneration processes. This project is being conducted in collaboration with customers and with suppliers of materials for textile flooring products (primary backing, latex, etc.) in order to develop an innovative concept of sustainable and easily recyclable carpet to “disassemble” all its components, but it applies to other types of applications for polyamide 6-based products;
2. as part of the Ecodesign activities, the European CISUFLO project has begun: (Circular SUSTainable FLOORcovering), an initiative financed by the European Commission within the scope of the EU’s Horizon 2020 research, involving 17 consortium members; Aquafil S.p.A. is involved as a producer and recycler of polyamide 6, playing the specific role of verifying pilot and pre-industrial testing of the recyclability of textile flooring developed with new design parameters; this project has an expected duration of 4 years;
3. continuation of the development and fine-tuning of process technology for the selection and recycling of end-of-life polyamide carpets, which is being conducted in both Slovenia and the USA by the companies ACR #1 Inc. and Aquafil Carpet Collection LLC in order to improve the quality of materials to feed the process of producing ECONYL® polyamide 6;
4. development of BCF yarns that are intrinsically flame retardant and feature objective approaches applied to the fibers in order to improve cleaning and stain resistance; development of methods of cleaning and sanitising PA6 rugs/carpet that have a low environmental impact;
5. ongoing enhancement of Aquafil’s technological capabilities and knowledge in the preparation of texturised polyamide-6 bulk continuous filament (BCF) in order to improve the performance of existing products and achieve specific, functional specialisation in new products/markets;
6. development of new NTF antistatic fibers with high conductivity for application in the carpet industry, and testing of functionality in accordance with ISO standards;
7. study and engineering of stabilising molecules aimed at increasing the UV and heat resistance of polyamide 6 for outdoor applications of nylon textile fibers (NTFs);
8. development of antibacterial and antiviral NTF fibers, multi and microfilament FDY fibers for critical applications, development of a new bi-component mass-dyed NTF fiber with a high content of recycled material and a significantly reduced GWP (Global Warming Potential) value;
9. research and development of new (natural) pigments and other additives aimed at improving the chemical and physical characteristics of the fibers;
10. redesign of the masterbatch production methodology based on titanium oxide in order to produce nylon textile filaments (NTF) by way of the systematic development of technologically innovative solutions;
11. development of advanced colour-management software applications for the formulation, production and online verification of dye uniformity;
12. research and development of ECONYL® PA6-based materials (with special additives developed in-house and added in limited quantities) that can be used in 3D printing;
13. study and development of “cast” nylon based on polyamide 6 ECONYL® with high mechanical performance, conducted in collaboration with the University of Trento’s Department of Mechanical and Industrial Engineering, to produce mono-material composite polymers that can be fully regenerated using the ECONYL® process;
14. development of standard approaches to determining the micro-plastics found in various forms (i.e. solid, liquid, gas) in the textile industry and other segments;
15. “EFFECTIVE” project, coordinated by the AquafilSLO and financed by the Bio-Based Industries Joint Undertaking (BBI JU, a public-private partnership between the European Union and a consortium of bio-economics enterprises and research centres) under the EU research programme Horizon 2020 aimed at developing fibers and films for consumer goods derived from bio-polyamides and bio-polyesters that fit within the circular economy;
16. “organic caprolactam” project in collaboration with Genmatica Inc., in San Diego, California (USA). This project involved the start-up of a demonstration plant (representative of industrial scale) dedicated to the transformation of intermediate organic 6-ACA into bio-caprolactam at the AquafilSLO plant in Ljubljana. The first batch of bio-caprolactam (in the range of several tonnes) was produced, which — as part of the EFFECTIVE project — was subsequently converted to bio-Nylon 6 in industrial batch autoclaves at the Arco site. The polymer obtained was later used for the production of the BCF and NTF yarns currently being processed by the project partners;
17. research and development of processes aimed at the chemical recovery of polymers from polycondensation (polyamides and polyesters), also in composite form: this is being done in collaboration with the University of Padua and has produced research results and has reached a very advanced stage, including two new patents held by Aquafil S.p.A. and a third that is in the preliminary stages; the project has also led to the creation of a flexible, multipurpose system that is midway between a lab system and a pilot

system and makes it possible to conduct preliminary testing of new polymer regeneration processes; plant construction has been completed, and the commissioning phase is scheduled for September;

18. efforts to increase the efficiency of polymerisation processes and of new polymerisation technologies in order to enhance the mechanical properties of the polymers;
19. industrial applications of augmented reality in the remote control of the individual production systems at the Group's European, U.S. and Asian facilities;
20. development of a proprietary system for the on-field identification of various polymer classes with a specific algorithm developed for analysing the composition of waste from the textile, plastics processing, fisheries and aquaculture and carpet industries. The system makes it possible to accurately distinguish different polymers, with superior performance (in terms of timing and productivity) compared with the products available on the market, while also ensuring data traceability via cloud storage;
21. identification, development and assessment of an appropriate technology for recovery and utilisation of by-products of the depolymerisation process;
22. implementation of industrial automation for systems to produce, transport and package spools of textile fibers and digitalisation of the provisioning of materials for production processes;
23. implementation of IT solutions (in part developed in-house) for the planning, management and simulation of production processes using stable tools integrated with existing systems aimed at the controlled sharing of information and the automation of manual operations;
24. digitalisation of logistics aimed at speeding up certain manual operations and reducing manual errors, conducted in partnership with a number of clients;
25. optimisation of polymerisation and depolymerisation production processes, in order to reduce energy and water consumption.

11.3 Patent developments

The following is a list of patents that have been filed:

- a) patent registered to Aquafil S.p.A. 7.3.2013, PCT, on the recycling of polyamide fibers from elastomeric products;
- b) patent registered to Aquafil S.p.A. 8.6.2017, PCT, on the composition of fish-net coatings;
- c) patents filed by AquafilSLO d.o.o., published on June 28, 2018, with validity in all 152 countries subscribing to the Patent Cooperation Treaty (PCT), regarding a method to recover copper from discarded fishing nets in support of the ECONYL® process; in 2020, the patent was approved in the United States and Japan and will be approved in China and in the 38 member states of the European Patent Organisation; extension of the patent to Canada, Chile and India is currently under way;
- d) patent filed by AquafilSLO d.o.o., published on November 29, 2018, and valid in the USA, on the process of recovering and separating scrap material from polyamide carpets at the end of their life cycle, and the international patent valid in PCT member countries was published on December 6, 2018. A further patent application for integrations on the same process by Aquafil SLO is currently in the publication process;
- e) patent filed by AquafilSLO d.o.o. and published on June 20, 2019, in all PCT-member countries, with specific national/regional extensions in countries in which there are caprolactam production sites, including the EU, the USA, China, Russia and Japan, related to the improvement and optimisation of solvent-free caprolactam purification technology. As a result of these activities, the situation at year-end was:
 - patent definitively granted in the 38 member states of the EPO;
 - definitive approval in Japan;
 - Eurasian patent no. 038223, covering 9 nations including Russia and Belarus, was obtained in July 2021;
 - the US Patent Office confirmed approval of the divisional patent for the USA in December 2021;
 - publication in China has been confirmed;
- f) patent filed in February 2021 under the name AquafilSLO d.o.o., pending, on a new multi-component NTF fiber with reduced impact on GWP (Global Warming Potential) and related manufacturing process;
- g) as part of the project relating to the development of bio-caprolactam, the patent application was filed on December 28, 2018, at the Italian Patent Office, jointly by Aquafil S.p.A. and Genomatica Inc., San Diego, California (USA), and relating to the transformation phase of the initial linear intermediate obtained through fermentation processes into the final cyclic ring monomer used for the production of bio-nylon 6; in December 2019, the Italian patent was filed under the PCT with the code WO2020/136547 with validity in all 152 participating nations; on July 2, 2020, the PCT patent was published. In 2020 and 2021, the national patents between Aquafil and Genomatica were extended with reference to the areas in which there is both caprolactam production and availability of renewable raw materials; the applications have been filed with:
 - EP, European patent organisation that includes 38 European countries,
 - Eurasian Patent Organization (Russia and 7 former Soviet Union countries),

- USA, Mexico, Brazil,
- China, Japan, South Korea, Thailand and India.

In 2022, the initial assessments from the patent offices in the various regions began to arrive, which are currently being followed up in order to obtain confirmation of the concession;

- h) as part of the development of the PET recycling process, a patent application has been filed in Italy with No. 102021000012617 for new depolymerization catalysts with a lower environmental impact than those currently known and in use. The patent is owned by Aquafil S.p.A. with joint inventors Aquafil and the Department of Industrial Engineering of the University of Padua. The application was filed on May 17, 2021. On May 16, 2022, following further interesting additions in the laboratories of Aquafil and the University of Padua, the application was submitted to PCT Patent;
- i) with regard to research into materials that can feed the ECONYL® caprolactam regeneration process, our focus is on reinforced PA6 fiberglass, which is widely available and is being reused to a limited extent by way of mechanical recycling, but most of which ends up in landfills. Within the scope of the collaboration with the University of Padua, a pilot process has been developed that results in the separation of a partially depolymerised PA6 polymer and in unaltered fiberglass. At the same time, a patent application was filed in Italy on November 10, 2021 (No. 102021000028601), with Aquafil as the patent holder and co-inventors Aquafil and the University of Padua's Department of Industrial Engineering. The opinion of the EPO is expected within 12 months in order to proceed with the PCT patent filing in the 6 months after that.

12. CORPORATE GOVERNANCE

Disclosure upon the Ownership Structure is provided in the “Corporate Governance and Ownership Structure Report”, prepared in accordance with Article 123-bis of Legislative Decree 58/1998, made available at the registered office of the Company and on the Group website (<http://ir.aquafil.com/ita/bilanci-relazioni>).

13. OTHER INFORMATION

13.1 Management and co-ordination

The Company is not subject to management and co-ordination pursuant to Article 2497 and subsequent of the Civil Code.

The Parent Company Aquafin Holding S.p.A. does not exercise management and co-ordination over Aquafil as substantially operating as a holding company, without an independent organisational structure and, consequently, de facto does not exercise direct management over Aquafil S.p.A..

All of the Italian direct or indirect subsidiaries of Aquafil S.p.A. have met the publication requirements under Article 2497-bis of the Civil Code, indicating Aquafil S.p.A. as the company exercising management and co-ordination.

13.2 Treasury shares

As part of the treasury shares buy-back plan approved by the Shareholders' Meeting of October 20, 2021, during the period the Company purchased an additional 637,329 treasury shares and therefore at June 30, 2022 the total number of shares purchased and held by the company was 969,090, equal to 1.8921% of the share capital, for a total value of Euro 6.8 million.

The authorisation by shareholders has a validity of 18 months from the date of the related resolution and authorises the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital.

13.3 Group IRES (Corporate Income Tax) taxation procedure

Aquafil S.p.A. is the consolidating company of the group taxation procedure, as chosen by Aquafin Holding S.p.A. for the 2021-2023 three-year period in accordance with Articles 117 to 128 of Presidential Decree 917/1986, as amended by Legs. Decree No. 344/2003. Similarly, the company Tessilquattro S.p.A. is a consolidated company within the Group taxation procedure, in accordance with the option exercised by Aquafin Holding S.p.A. as consolidating company.

In preparing the interim financial statements of these companies, the effects of the transfer of the tax positions due to the consolidated tax accounts were taken into account; in particular, the subsequent accounts receivable from/payable to the consolidating company were recognised.

13.4 Organisation, management and control model in accordance with Legs. Decree 231/2001

The Italian companies of the Aquafil Group have supplemented the organisation, management and control model as per Legislative Decree No. 231 of June 8, 2001, including the conduct code and operating procedures, as updated by: (a) Law No. 3 of January 9, 2019, "Measures to combat offenses against the public sector, as well as on the statute of limitations and the transparency of political parties and movements", with particular reference to the new offense as per Article 346 bis of the Italian Criminal Code - Exercising of undue influence, introduced by Article 25 of Legislative Decree 231/01; (b) Law No. 157 of December 19, 2019, "Conversion into law, with amendments, of Legislative Decree No. 124 of October 26, 2019, containing urgent provisions on tax matters and for unavoidable needs", which introduces tax offences into the catalogue as per Legislative Decree No. 231/01; (c) Legislative Decree No. 75 of July 14, 2020, "Implementation of Directive (EU) 2017/1371 on the fight against fraud to the EU's financial interests by means of criminal law".

13.5 Impairment Test Procedure

In order to conduct impairment tests for the purpose of verifying the recoverability of assets, the Parent Company has adopted specific, formal procedures as approved by the Board of Directors on February 15, 2019.

14. OUTLOOK

The current geopolitical environment requires a specific understanding of the operating developments in each of the regions in which the Group operates.

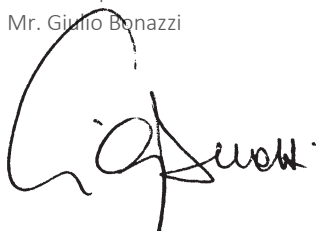
Raw material and energy costs continue to rise sharply in the EMEA region. The Aquafil Group remains committed to undertaking all price review and cost containment actions necessary to support the maintenance of unit margins. Current cost levels are already impacting end-demand for all product areas.

In the other two geographic areas, energy costs are developing in the same manner as in Europe. In Asia Oceania, the market reports buoyant demand levels, with a partial recovery of the residential market, alongside an excellent Japanese market performance. The strongly improving demand levels apparent in the first half of the year continued in the United States.

Against this background, the Group forecasts for H2 more contained results than in H1. In any case, a higher level of profitability than 2021 is expected for FY 2022. This is due both to the competitive advantage on the market for ECONYL® brand products and the geographic spread of the Group's markets.

Arco, August 30, 2022

for the Board of Directors
The Chairperson
Mr. Giulio Bonazzi



Condensed Consolidated
Half-Year Financial Statements
at June 30, 2022

CONSOLIDATED BALANCE SHEET

(in Euro thousands)	Note	June 30, 2022	December 31, 2021
Intangible assets	5.1	22,118	23,551
Goodwill	5.1	16,067	14,735
Property, plant & equipment	5.2	247,878	240,489
Financial assets	5.3	738	710
<i>of which parent companies, related parties, associates</i>		370	318
Investments valued at equity	5.3	1,018	1,018
Other assets	5.4	526	626
Deferred tax assets	5.5	13,533	12,269
Total non-current assets		301,878	293,398
Inventories	5.6	237,890	177,243
Trade receivables	5.7	41,416	31,233
<i>of which parent companies, related parties</i>		38	71
Financial assets	5.3	4,216	860
Tax receivables	5.8	634	423
Other assets	5.9	12,703	12,853
<i>of which parent companies, related parties</i>		0	3,152
Cash and cash equivalents	5.10	136,941	152,656
Total current assets		433,800	375,268
Total assets		735,678	668,666
Share capital	5.11	49,722	49,722
Reserves	5.11	106,271	91,708
Group net result	5.11	17,674	10,670
Total parent company share. equity		173,668	152,101
Minority interest shareholders' equity	5.11	1	1
Minority interest net profit	5.11	0	0
Total consolidated net equity		173,669	152,102
Employee benefits	5.12	5,448	5,910
Financial liabilities	5.13	262,449	263,421
<i>of which parent companies, related parties</i>		6,935	6,359
Provisions for risks and charges	5.14	1,492	1,929
Deferred tax liabilities	5.5	12,666	11,158
Other liabilities	5.15	9,769	10,813
Total non-current liabilities		291,824	293,230
Financial liabilities	5.13	80,880	69,438
<i>of which parent companies, related parties</i>		2,790	2,240
Current tax payables	5.17	3,164	1,721
Trade payables	5.16	157,687	126,566
<i>of which parent companies, related parties</i>		249	352
Other liabilities	5.15	28,455	25,608
<i>of which parent companies, related parties</i>		241	230
Total current liabilities		270,186	223,334
Total shareholders' equity and liabilities		735,678	668,666

CONSOLIDATED INCOME STATEMENT

(in Euro thousands)	Note	June 30, 2022	of which non-recurring	June 30, 2021	of which non-recurring
Revenues	6.1	351,009	525	274,700	0
<i>of which related parties</i>		26		27	
Other revenues and income	6.2	2,413	114	2,685	443
Total revenues and other revenues and income		353,422	639	277,385	443
Cost of raw materials and changes to inventories	6.3	(158,365)	(294)	(135,494)	0
Service costs and rents, leases and similar costs	6.4	(81,957)	(738)	(50,100)	(305)
<i>of which related parties</i>		(230)		(212)	
Personnel costs	6.5	(64,898)	(811)	(55,805)	(582)
Other costs and operating charges	6.6	(2,446)	(115)	(1,640)	(61)
<i>of which related parties</i>		(35)		(35)	
Amortisation, depreciation & write-downs	6.7	(23,756)		(23,312)	
Provisions and write-downs	6.8	174		(128)	
(Write-down)/recovery of financial assets (receivables)	6.8	26		77	
Increase in internal work capitalised	6.9	2,347		3,077	
EBIT		24,548	(1,321)	14,060	(504)
Investment income/charges		(70)		0	
<i>of which related parties</i>		90		0	
Financial income	6.10	2,987		491	
Financial charges	6.11	(3,862)		(3,822)	
<i>of which related parties</i>		(64)		(79)	
Exchange gains/losses	6.12	528		260	
Profit before taxes		24,131	(1,321)	10,989	(504)
Income taxes	6.13	(6,457)		(2,078)	
Profit for the period		17,674	(1,321)	8,911	(504)
Minority interest net profit		0		0	
Group Net Profit		17,674	(1,321)	8,911	(504)
<i>Basic earnings per share</i>	6.15	0.35		0.17	
<i>Diluted earnings per share</i>	6.15	0.35		0.17	

CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

(in Euro thousands)	Note	June 30, 2022	June 30, 2021
Profit for the period	5.11	17,674	8,911
Actuarial gains/(losses)		280	23
Tax effect from actuarial gains and losses		(67)	(6)
Other income items not to be reversed to income statement in subsequent periods		213	18
Currency difference from conversion of financial statements in currencies other than the Euro		13,805	6,578
Other comprehensive income		14,018	6,595
Total comprehensive income		31,693	15,507
Minority interest comprehensive income		0	0
Group comprehensive income		31,693	15,506

CONSOLIDATED CASH FLOW STATEMENT

(in Euro thousands)	Note	June 30, 2022	June 30, 2021
Operating activities			
Profit for the period	5,11	17,674	8,911
<i>of which related parties:</i>		(213)	(299)
Income taxes	6,13	6,457	2,078
Investment income and charges		70	0
<i>of which related parties:</i>		(90)	0
Financial income	6,10	(2,987)	(491)
Financial charges	6,11	3,862	3,822
<i>of which related parties:</i>		64	(79)
Exchange gains/(losses)	6,12	(528)	(260)
Asset disposal (gains)/losses		(74)	(77)
Net provisions	6,8	(174)	128
Net provisions (Doubtful debt provision)	6,8	(26)	(77)
Amortisation, depreciation and write-downs	6,7	23,757	23,312
Cash flow from operating activities before working capital changes		48,030	37,346
Decrease/(Increase) in inventories	5,6	(60,647)	(3,444)
Increase/(Decrease) in trade payables	5,16	31,120	28,041
<i>of which related parties:</i>		(103)	(67)
Increase/(Decrease) in trade receivables	5,7	(10,157)	(8,892)
<i>of which related parties:</i>		33	37
Changes to assets and liabilities		2,971	811
<i>of which related parties:</i>		3,163	(462)
Net paid financial charges		(875)	(3,331)
Income taxes paid		896	0
Utilisation of provisions		(1,317)	(464)
Cash flow generated/(absorbed) from operating activities (A)		10,021	50,067
Investing activities			
Investments in tangible assets	5,2	(15,889)	(11,871)
Disposal of tangible assets	5,2	1,077	162
Investments in intangible assets	5,1	(1,316)	(2,166)
Disposal of intangible assets	5,1	0	13
Investments in financial assets	5,3	(52)	0
Dividends received		91	0
Disposal of financial assets		(160)	0
Cash flow generated by investing activities (B)		(16,249)	(13,862)
Financing activities			
Drawdown non-current bank loans and borrowings	5,13	31,000	0
Repayment non-current bank loans and borrowings	5,13	(25,338)	(67,152)
Net changes in current and non-current financial assets and liabilities (including IFRS 16)	5,13	1,427	(9,993)
<i>of which related parties:</i>		1,126	(1,571)
Non-cash change IFRS 16		(6,246)	(2,159)
Distribution of dividends		(6,045)	0
Acquisition of treasury shares		(4,285)	0
Cash flow from generated/(absorbed) by financing activities (C)		(9,487)	(79,304)
Net cash flow in the period (A) + (B) + (C)		(15,715)	(43,100)
Opening cash and cash equivalents		152,656	132,774
Closing cash and cash equivalents		136,941	165,854

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

(in Euro thousands)	Share capital	Legal reserve	Translation reserve	Share premium reserve	Listing cost reserve	FTA Reserve
December 31, 2020	49,723	665	(25,180)	19,975	(3,287)	(2,389)
Sale minority interest						
Other changes						
Allocation of prior-year result		35				
Distribution dividends						
Share capital increase						
Profit for the period						
Actuarial gains/(losses) employee benefits						
Translation difference			6,578			
Total comprehensive income/(loss) for the period			6,578			
June 30, 2021	49,723	700	(18,602)	19,975	(3,287)	(2,389)
December 31, 2021	49,723	700	(8,052)	19,975	(3,287)	(2,389)
Sale minority interest						
Other changes						
Allocation of prior-year result		558				
Distribution of dividends						
Profit for the period						
Actuarial gains/(losses) employee benefits						
Translation difference			13,805			
Total comprehensive income/(loss) for the period			13,805			
June 30, 2022	49,723	1,258	5,753	19,975	(3,287)	(2,389)

IAS 19 Reserve	Treasury shares	Retained earnings	Net result	Total Parent Company share. net equity	Min. interest share. equity	Total consol. share. equity
(989)	0	87,787	595	126,897	1	126,897
						0
		137		137		137
		560	(595)	0		0
				0		0
				0		0
			8,911	8,911		8,911
18				18		18
				6,578		6,578
18	0		8,911	15,506		15,506
(971)	0	88,484	8,911	142,538	1	142,539
(1,061)	(2,545)	88,347	10,670	152,101	1	152,102
				0		0
	(4,285)	204		(4,081)		(4,081)
		10,112	(10,670)	0		0
		(6,045)		(6,045)		(6,045)
			17,674	17,674		17,674
213				213	0	213
				13,805	0	13,805
213	0		17,674	31,693	0	31,693
(848)	(6,830)	92,617	17,674	173,668	1	173,669

Notes to the Consolidated Financial Report at June 30, 2022

1. GENERAL INFORMATION

1.1 Introduction

Aquafil S.p.A. (“Aquafil”, “Company” or “Parent company” and, together with its subsidiaries, “Group” or “Aquafil Group”) is a company listed on the Italian Stock Exchange, STAR Segment since December 4, 2017, resulting from the business combination through merger by incorporation of Aquafil S.p.A. (pre-merger), founded in 1969 in Arco (TN) and renowned for the production and distribution of fibers and polymers, principally polyamide, into Space3 S.p.A., as an Italian registered Special Purpose Acquisition Company (SPAC), with efficacy from December 4, 2017.

The majority shareholder of Aquafil S.p.A. is Aquafin Holding S.p.A., with registered office in Via Leone XIII No. 14, 20145 Milan, Italy, which does not exercise management and co-ordination activities. The ultimate Parent Company, which draws up specific consolidated financial statements, is GB&P S.r.l. with registered office in Via Leone XIII No. 14, 20145 Milan, Italy.

The Aquafil Group produces and sells fibers and polymers, principally polyamide 6, on a global scale through the:

- (i) BCF Product Line (carpet fibers), or synthetic yarns mainly intended for the textile flooring sector and used in “contract” segments (hotels, airports, offices, etc.), residential buildings and the automotive market;
- (ii) NTF Product Line (clothing fibers), or synthetic yarns mainly intended for the clothing sector (sportswear, classic, technical or specialist apparel);
- (iii) Polymers Product Line, or plastic raw materials, mainly targeting the engineering plastics sector for subsequent use in the moulding industry.

Group products are also sold on the market under the ECONYL® brand, which offers the Group’s products obtained by regenerating industrial waste and end-of-life products.

The Group enjoys a consolidated presence in Europe, the United States and Asia.

1.2 Contents, presentation and accounting policies of the Condensed Consolidated Half-Year Financial Statements at June 30, 2022

The consolidated half-year report of the Aquafil Group at June 30, 2022 and for the six months ended at that date (hereafter the “Half-Year Financial Report”) was prepared in accordance with Article 154 *ter* paragraph 2 of Legislative Decree No. 58/98 - CFA - and subsequent amendments and supplements and comprises the following documents:

- the consolidated balance sheet is presented with separation between “current and non-current” assets and liabilities;
- the consolidated income statement, prepared separately from the comprehensive income statement and classifying operating costs by expense type;
- the comprehensive income statement which includes, in addition to the result for the period, also the changes to equity relating to income items which, in accordance with International Accounting Standards, are recognised under equity;
- the cash flow statement prepared in accordance with the “indirect method”;
- the changes in consolidated shareholders’ equity;
- the explanatory notes.

These consolidated financial statements (hereafter the “financial statements”) include the comparative figures, as per IAS 34, i.e. (i) the figures at December 31, 2021 for the consolidated balance sheet (ii) the figures relating to H1 2021 for the consolidated income statement, the comprehensive consolidated income statement, the consolidated cash flow statement and the movements in consolidated shareholders’ equity pursuant to IAS 34. The Half-Year Financial Report was prepared in Euro, the functional currency of the Group. The amounts reported in the financial statements and in the accompanying tables in the explanatory notes are expressed in thousands of Euro, unless otherwise indicated.

The Half-Year Financial Report was prepared in accordance with international accounting standards (IFRS/IAS) issued by the International Accounting Standard Board (IASB), recognised by the European Union pursuant to regulation (EU) No. 1606/2002 and in force at the reporting date, the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC), as well as the interpretations of the Standing Interpretations Committee (SIC), in force at the same date. In particular, the Half-Year Financial Report was prepared in accordance with IAS 34 “Interim Financial Statements”, issued by the International Accounting Standard Board (IASB).

The accounting policies adopted in the preparation of these financial statements are the same as those adopted for the preparation of the consolidated financial statements at December 31, 2021, to which reference should be made. The explanatory notes, in accordance with IAS 34, are reported in condensed format and do not include all the disclosures required for annual accounts, as they refer exclusively to those items which, for amount, composition or variation, are essential for the full understanding of the financial situation, equity and results of the Group at June 30, 2022. The Half-Year Financial Report should therefore be read together with the 2021 Group Annual Financial Report. The Half-Year Financial Report at June 30, 2022 of the Aquafil Group was subject to a limited audit by PricewaterhouseCoopers and was approved by the Board of Directors on August 30, 2022, which authorised its publication according to the terms and means required by current regulations.

1.3 Seasonality

The Group’s business is not impacted by seasonal factors. Despite this, we report that typically there is a small drop in production in second half of the year due to the lower number of working days in this period compared to the first half of the year. This generally results in a small decrease in revenues and costs and in the margin in the second half of the year compared to the first half of the year.

1.4 Disclosure upon the Covid-19 emergency

The Aquafil Group has continued to monitor the development of the Covid-19 outbreak, keeping in place all prevention, control and containment measures introduced in early 2020 throughout all our operating locations globally so as to protect the health of our employees and partners, including remote working, access to company locations only by those strictly required for organisational processes, the changing of production layouts, personnel hygiene and office cleaning/sanitation measures, personal protective equipment, social distancing rules and temperature monitoring using thermal cameras. Thanks to the attention placed on observance of healthcare regulations, no particular health impacts among employees have been recorded, and periods of absence in conjunction, in particular, with the spread of the Omicron variant have been managed effectively. The Group continues to monitor the real and potential impact of the COVID-19 emergency on the Group’s various business activities, financial position, credit risk, liquidity risk and overall operating performance. With regards to that outlined above and in view of the development of the health and economic situation therefore, the expectations do not require the Group to amend or review its business model as its operating, equity and financial structure, also on a forward-looking basis, guarantees the going concern of the various product areas in all the regions in which the Group operates.

1.5 Information on the consequences of the Russia-Ukraine conflict

Russia’s invasion of Ukraine of February 24 is a source of major political and economic instability for Europe, with military, political, humanitarian and global trade repercussions. The sanctions and restrictions adopted by the international community against Russia have heavily impacted trade with the countries involved in the conflict, heightening inflation on a range of goods and services, including energy supplies.

Against this still evolving situation, the Aquafil Group was also impacted by rising prices for energy and gas, raw materials and most production factors and services during the period. The range of Group product lines across the various regions have been impacted by rising inflation. Thanks however to a strong competitive position and overall consumer market resilience, it was possible to fully recover these increases through sales prices. With regards to commercial relations with parties located in the countries involved in the conflict, the Group does not have a dependence on particular products and/or suppliers/clients in these areas which may impact upon operations. No direct consequences were therefore felt from the stoppage of import/exports of the products and businesses subject to limitations.

1.6 Financial risk management

Group management has constantly monitored the real and potential impact of the Covid-19 emergency and the Russia-Ukraine conflict on the Group's business activities, financial position, credit risk, liquidity risk and operating performance. As regards credit risk, the Group has consistently implemented a hedging strategy which, as part of a specific risk policy, makes use of insurance policies agreed with leading insurance companies and carries out accurate daily assessments of the levels of exposure to customers; at the date of this report, the credit risk remains under control, despite reductions in insurance ceilings. Changes in the situation are monitored by the Credit Committee.

As regards liquidity risk, which is constantly monitored by the Risk Control Committee, the Group operates a mitigation strategy that combines careful planning and monitoring of its financial structure to ensure solvency both in normal operating conditions and in crisis situations. This strategy is designed to guarantee ample liquidity through the generation of cash from business activities, and access to new medium-term financial resources that allow available short-term credit lines to remain unused.

For all other additional information required in relation to financial risk management, reference should be made to the Group's annual financial statements at December 31, 2021 for a detailed analysis.

2. CONSOLIDATION SCOPE AND BASIS OF CONSOLIDATION

The Consolidated Financial Statements includes the equity and financial position and results of the Parent Company and of the subsidiaries and/or associated companies, prepared on the basis of the relative accounting entries and, where applicable, appropriately adjusted in line with international accounting standards IAS/IFRS.

The following table summarises, with reference to the subsidiaries and associated companies, details on the Company name, registered office, share capital, profit for the period, functional currency and the direct and indirect holding of the company and the consolidation method applied at June 30, 2022:

Company	Registered office	Share capital	June 30, 2022 Net Profit	Currency	Group holding	% of votes	Consolidation method
Parent Company:							
Aquafil S.p.A.	Arco (IT)	49,722,417	9,508,840	Euro			
Subsidiary companies:							
Aquafil SLO d.o.o.	Ljubljana (SLO)	50,135,728	2,340,234	Euro	100.00%	100.00%	Line-by-line
Aquafil USA Inc.	Cartersville (USA)	77,100,000	5,185,286	US Dollar	100.00%	100.00%	Line-by-line
Tessilquattro S.p.A.	Arco (IT)	3,380,000	(1,351,988)	Euro	100.00%	100.00%	Line-by-line
Aquafil Jiaxing Co. Ltd.	Jiaxing (CHN)	355,093,402	27,507,430	Chinese Yuan	100.00%	100.00%	Line-by-line
Aquafil UK Ltd.	Ayrshire (UK)	3,669,301	(453,551)	UK Sterling	100.00%	100.00%	Line-by-line
Aquafil CRO d.o.o.	Oroslavje (CRO)	71,100,000	19,431,039	Croatian Kuna	100.00%	100.00%	Line-by-line
Aquafil Asia Pacific Co. Ltd.	Rayong (THA)	53,965,000	29,404,037	Baht	99.99%	99.99%	Line-by-line
Aqualeuna GmbH	Leuna (GER)	2,325,000	(46,851)	Euro	100.00%	100.00%	Line-by-line
Aquafil Engineering GmbH	Berlino (GER)	255,646	(308,927)	Euro	100.00%	100.00%	Line-by-line
Aquafil Tekstil Sanayi Ve Ticaret A.S. Istanbul (TUR)	Istanbul (TUR)	1,512,000	5,415,251	Turkish Lira	99.99%	99.99%	Line-by-line
Aquafil Benelux France B.V.B.A.	Harelbake (BEL)	20,000	101,955	Euro	100.00%	100.00%	Line-by-line
Cenon S.r.o.	Zilina (SLO)	26,472,682	(114,491)	Euro	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #1. Inc.	Phoenix (USA)	250,000	(823,953)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Recycling #2. Inc.	Woodland California (USA)	250,000	(1,871,463)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Oceania Ltd.	Melbourne (AUS)	49,990	21,778	Australian Dollar	100.00%	100.00%	Line-by-line
Aquafil India Private Ltd.	New Dehli (IND)	85,320	0	Indian Rupee	99.97%	99.97%	Line-by-line
Aquafil O'Mara Inc.	North Carolina (USA)	36,155,327	875,131	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Carpet Collection	Phoenix (USA)	3,400,000	(717,667)	US Dollar	100.00%	100.00%	Line-by-line
Aquafil Japan	Chiyoda (JP)	310,000	(22,728,526)	Japanese Yen	100.00%	100.00%	Line-by-line
Bluloop S.r.l. Società Benefit	Arco (IT)	50,000	0	Euro	100.00%	100.00%	Line-by-line
Aquafil Chile	Santiago del Chile (CL)	1,000,000	0	Chilean Peso	100.00%	100.00%	Line-by-line
Associated companies:							
Nofir	Bodo (NO)	663,700		Corona Novegese	31.66%	31.66%	Equity

The changes in the Aquafil Group consolidation scope in the period concerned:

- on April 5, 2022, the newly-incorporated company Aquafil Chile S.p.A., based in Santiago, Chile, a wholly-owned subsidiary of Aquafil SLO doo, was acquired with a corporate scope mainly regarding fishing nets and other plastic material waste, managing their storage, processing, transportation and sale to third parties as a raw material for reuse in subsequent ECONYL® recycling and regeneration processes;
- on June 22, Bluloop S.r.l. was incorporated as a benefit company, a wholly-owned subsidiary of Aquafil S.p.A., whose main corporate scope is to sell products made with ECONYL® polyamide to the end consumer on the e-commerce channels; the company also has communication, training and intervention objectives in the areas in which the Aquafil Group operates in terms of environmental and social sustainability issues.

The main criteria adopted by the Group for the definition of the consolidation scope and the relative consolidation principles did not change compared to those applied for the consolidated financial statements at December 31, 2021.

Translation of foreign companies' financial statements

The financial statements of subsidiaries are prepared in the primary currency in which they operate. The rules for the translation of financial statements of companies in currencies other than the functional currency of the Euro are as follows:

- the assets and the liabilities were translated using the exchange rate at the balance sheet date;
- the costs and revenues are translated at the average exchange rate for the period;
- the “translation reserve” recorded within the Comprehensive Income Statement, includes both the currency differences generated from the translation of foreign currency transactions at a different rate from that at the reporting date and those generated from the translation of the opening shareholders' equity at a different rate from that at the reporting date;
- the goodwill, where existing, and the fair value adjustments related to the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the exchange rate at the reporting date.

The exchange rates utilised for the conversion of these financial statements are shown in the table below:

	June 2022		December 2021		June 2021	
	Period-end rate	Average rate	Period-end rate	Average rate	Period-end rate	Average rate
US Dollar	1.04	1.09	1.13	1.18	1.19	1.21
Croatian Kuna	7.53	7.54	7.52	7.53	7.49	7.55
Chinese Yuan	6.96	7.08	7.19	7.63	7.67	7.80
Turkish Lira	17.32	16.26	15.23	10.51	10.32	9.52
Baht	36.75	36.86	37.65	37.84	38.12	37.15
UK Sterling	0.86	0.84	0.84	0.86	0.86	0.87
Japanese Yen	141.54	134.31	130.38	129.88	131.43	129.87
Australian Dollar	1.51	1.52	1.56	1.57	1.59	1.56

Translation of accounts in foreign currencies

Transactions in currencies other than the Euro are recognised at the exchange rate at the date of the transaction. Assets and liabilities denominated in currencies other than the Euro are subsequently adjusted to the exchange rate at the reporting date. Exchange differences are recognised to the income statement under “Exchange gains and losses”.

Business combinations

No business combinations were undertaken in the period.

Impairment test

The impairment (or recoverability) test assesses whether there exist any indications that an asset may have incurred a reduction in value. For goodwill and any other indefinite useful life intangible assets an assessment should be made at least annually that their recoverable value is at least equal to the book value and, when considered necessary, or rather in the presence of trigger events (IAS 16 paragraph 9), the impairment test must be undertaken more frequently.

The goodwill arising from the business combination was subject to a recoverability test as per IAS 36. In particular, it is noted that the recoverable value of a non-current asset is based on the estimates and on the assumptions utilised for the determination of the cash flows and of the discount rate applied. Where it is considered that the book value of a non-current asset has incurred a loss in value, the asset is written-down up to the relative recoverable value, estimated with reference to its utilisation and any future disposal, based on the most recent business plans.

In assessing the recoverable value of property, plant and equipment, of investment property, of intangible assets and of goodwill, the Group generally applies the criterion of the value in use.

The value in use is the present value of the expected future cash flows to be derived from an asset. In defining the value in use, the expected future cash flows are discounted utilising a pre-tax rate that reflects the current market assessment of the time value of money, and the specific risks of the asset.

The estimated future cash flows utilised to determine the value in use is based on the most recent business plans, approved by management and containing forecasts for volumes, revenues, operating costs and investments. For the sole purpose of verifying the recoverability of the value of the assets, the figures in the business plan have been adjusted on the basis of a number of possible scenarios to reflect the updated market situation and the resulting economic and financial forecasts. These forecasts cover the period of the next three years; consequently, the cash flows relating to the subsequent years are determined on the basis of a growth rate which does not exceed the average growth rate for the sector and the country.

Where the book value of an asset is higher than its recoverable value a loss in value is recognised which is recorded in the income statement under "Amortisation, depreciation and write-downs".

The loss in value of a cash generating unit (the Aquafil Group has only one CGU) are firstly attributed to the reduction in the carrying value of any goodwill allocated and, thereafter, to a reduction of other assets, in proportion to their carrying value.

When the reasons for the write-down no longer exist, the carrying value of the asset is restated through the income statement, in the account "Amortisation, depreciation & write-downs", up to the value at which the asset would be recorded if no write-down had taken place and amortisation or depreciation had been recorded.

The original value of the goodwill is not restated even when in subsequent years the reasons for the reduction in value no longer exist.

3. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

The tables below illustrate the breakdown of financial assets and liabilities of the Group required by IFRS 7, as per the categories identified by IAS 39, at June 30, 2022:

(in Euro thousands)	Financial assets and liabilities measured at fair value through P&L	Loans and receivables	AFS financial assets	Financial liabilities at amortised cost	Total
Current and non-current financial assets	2,366	3,605	0	0	5,972
Trade receivables	0	41,416	0	0	41,416
Current tax receivables	0	634	0	0	634
Other current & non-current assets	0	13,230	0	0	13,230
Cash and cash equivalents	0	136,941	0	0	136,941
Total	2,366	195,825	0	0	198,192
Current and non-current financial liabilities	0	0	0	343,329	343,330
Trade payables	0	0	0	157,687	157,687
Other current and non-current liabilities	0	0	0	38,222	38,222
Total	0	0	0	539,239	539,239

The other financial assets and liabilities are short-term and regulated at market interest rates and therefore the book value is considered to reasonably approximate fair value.

The fair value measurement of the financial instruments is undertaken applying IFRS 13 “Fair value measurement” (IFRS 13). This standard identifies the following fair value hierarchy which reflect the importance of the inputs used in the relative measurement.

The methods applied are broken down into the following levels, based on the information available:

- Level 1: fair value determined with reference to listed prices (not adjusted), on active markets for identical financial instruments;
- Level 2: fair value determined with valuation techniques with reference to observable variables on active markets;
- Level 3: fair value determined with valuation techniques with reference to non-observable variables on markets.

The fair value calculation is determined in accordance with the methods classified in Level 2 and the general criterion utilised for this calculation is the present value of the expected future cash flows of the instrument subject to measurement — a method commonly applied in financial practice. There were no transfers between hierarchical levels of the fair value in the period considered.

4. DISCLOSURE BY OPERATING SEGMENT

For the purposes of IFRS 8 – Operating Segments, Group activity is identifiable in a single operating segment.

In fact, the Group structure identifies a strategic and singular vision of the business and this representation is consistent with the manner in which management takes its decisions, allocates resources and defines the communication strategy. Dividing the business into separate divisions is therefore currently viewed as detrimental to its economic interests.

5. NOTES TO THE CONSOLIDATED BALANCE SHEET

5.1 Intangible assets and goodwill

The breakdown in the account and changes in the period were as follows:

	Development costs	Patents & property rights	Trademarks, concess. & licenses	Other intangible assets	Intangible assets in progress	Non Contractual Customer relationships	Totale
(in Euro thousands)							
December 31, 2020	3,459	52	405	3,491	12,422	3,750	23,578
– Historical cost	4,039	5,211	4,751	16,355	12,422	5,625	48,403
– Accumulated depreciation	(581)	(5,159)	(4,346)	(12,863)	0	(1,875)	(24,825)
Reclassifications	0	0	39	1,923	(1,906)	0	55
Increases	2,330	0	7	1,212	1,429	0	4,977
Decreases	0	0	0	(28)	0	0	(28)
Amortisation	(1,129)	0	(91)	(1,823)	0	(739)	(3,782)
Write-downs	0	0	0	0	(1,650)	0	0
Exchange diff. - Historic cost	0	2	1	27	0	647	677
Exchange diff. - Accumulated depreciation	0	(2)	(1)	(13)	0	(260)	(276)
December 31, 2021	4,660	52	359	4,789	10,295	3,397	23,551
– Historical cost	6,370	5,213	4,767	19,485	10,295	6,272	52,401
– Accumulated depreciation	(1,710)	(5,162)	(4,408)	(14,696)	0	(2,875)	(28,850)
Reclassifications	0	0	1	9,013	(9,013)	0	1
Increases	486	0	4	280	546	0	1,316
Amortisation	(675)	0	(46)	(1,750)	0	(398)	(2,869)
Exchange diff. - Historic cost	0	(1)	(1)	25	0	209	232
Exchange diff. - Accumulated depreciation	0	1	1	(12)	0	(103)	(113)
June 30, 2022	4,470	52	318	12,345	1,828	3,106	22,118
– Historical cost	6,856	5,212	4,771	28,803	1,828	6,481	53,951
– Accumulated depreciation	(2,385)	(5,161)	(4,453)	(16,458)	0	(3,376)	(31,832)

Other intangible assets, both in progress and not, mainly include:

- the costs incurred by the Parent Company for Information and Communication Technology activities and
- investments for projects for the development of new products and processes, including the “Effective” project coordinated by Aquafil and funded by the Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme and focused on the production of bio-caprolactam. Considering that this production is now underway, it should be noted that in the first half of the year the investments made on project of approx. Euro 9 million were reclassified from assets in progress to other intangible assets, and consequently the amortisation process over a 5-year timeframe began.

The increases in the period, totalling Euro 1.3 million, mainly concern the development costs for projects on new products, new types of materials and production process innovations, including the production of bio-caprolactam, the introduction of software and developments on the chemical depolymerisation of post-consumer and post-industrial product waste.

Amortisation in the period included for Euro 1 million, the beginning of amortisation on the “Effective” project, as described above.

Goodwill

Goodwill was Euro 16,067 thousand at June 30, 2022. This figure includes the goodwill recognised on the Aquafil O’Mara business combination in 2019 and the goodwill on the acquisition in 2020 of Aquafil Carpet Recycling, now Aquafil Carpet Collection LLC.

It should also be noted that the goodwill related to Aquafil O’Mara and Aquafil Carpet Collection LLC, having been recognised by the direct subsidiary Aquafil USA, was positively affected by the translation from Dollars to Euro as part of the consolidation process.

This value represents the excess between the consideration transferred, measured at fair value at the acquisition date, as subsequently updated, compared to the net value of the identifiable assets and liabilities of the purchase measured at fair value.

After initial recognition the goodwill is not amortised but subject to an annual impairment test as described in the previous paragraph “Impairment test - verification of recoverability”.

In accordance with the provisions of IAS 36 the Group therefore undertook a specific impairment test in order to verify the recoverability of the goodwill recognised.

The impairment test was carried out determining the value in use with the discounted cash flow method (DCF) net of income taxes in line with the post-tax discount rate utilised.

The cash flows used to apply the DCF are those included in the Group’s 2022 - 2023 business plan approved by the parent company’s board of directors on February 9, 2022.

The growth rate (g) applied was 3.5%, which is equal to the expected global average growth beginning in 2023.

The discounting of the cash flows was carried out on the basis of a weighted average cost of capital which reflects the current market assessment of the cost of money. The value identified was 7.10%.

A sensitivity analysis was also carried out in order to determine the change to the value assigned to the base assumptions which, after having considered any amendments as a result of this change on the other variables utilised, renders the recoverable value of the CGU equal to its carrying amount.

This analysis indicated that only significant deviations in the achievement of the Group’s business objectives, interest rates and perpetual growth rates would reduce the recoverable value to a level close to the book value, so it is not necessary, as required by IAS 36, to report in this note the effects of a sensitivity simulation.

From the impairment test carried out therefore no adjustments are required to the value of the goodwill.

5.2 Property, plant & equipment

The breakdown in the account and changes in the period were as follows:

(in Euro thousands)	Land & buildings	Plant & equipment	Industrial and comm. equipment	Other assets	Assets in progress	Investment property	Total before RoU	Right-of-Use	Total
December 31, 2020	57,689	123,373	396	2,048	26,990	356	210,852	18,643	229,495
– Historical cost	115,010	438,306	11,027	5,179	26,990	793	597,304	29,619	626,924
– Accumulated depreciation	(57,321)	(314,933)	(10,631)	(3,131)	0	(437)	(386,452)	(10,976)	(397,429)
Reclassifications	1,198	11,895	13	67	(13,228)	0	(55)	0	(55)
Increase	205	4,342	84	138	29,863	0	34,632	7,062	41,694
Decreases	0	(121)	0	(4)	(38)	0	(163)	(259)	(422)
Write-downs	(1,016)	(276)	0	0	0	0	(1,292)	0	(1,292)
Depreciation	(4,237)	(25,338)	(113)	(628)	0	(12)	(30,328)	(7,913)	(38,240)
Exchange diff. - Historic cost	1,245	13,865	0	402	1,433	0	16,944	1,145	18,089
Exchange diff. - Accumulated depreciation	(316)	(7,805)	1	(248)	0	0	(8,368)	(413)	(8,781)
December 31, 2021	54,769	119,935	381	1,775	45,020	344	222,224	18,265	240,489
– Historical cost	116,642	463,174	10,503	5,708	45,020	793	641,841	35,855	677,696
– Accumulated depreciation	(61,874)	(343,239)	(10,122)	(3,933)	0	(449)	(419,616)	(17,591)	(437,207)
Reclassifications	1,945	20,073	6	33	(22,057)	0	(1)	0	(1)
Increases	205	4,481	27	32	11,143	0	15,889	6,918	22,807
Decreases	0	(56)	0	0	(947)	0	(1,003)	(672)	(1,675)
Depreciation	(2,065)	(14,237)	(59)	(287)	0	(6)	(16,653)	(4,234)	(20,888)
Exchange diff. - Historic cost	694	12,679	3	396	875	0	14,647	1,356	16,004
Exchange diff. - Accumulated depreciation	(143)	(7,801)	(3)	(278)	0	0	(8,226)	(632)	(8,858)
June 30, 2022	55,405	135,074	355	1,671	34,034	339	226,877	21,001	247,878
– Historical cost	118,695	499,126	10,463	6,051	34,034	793	669,162	37,337	706,499
– Accumulated depreciation	(63,290)	(364,052)	(10,108)	(4,380)	0	(455)	(442,285)	(16,336)	(458,621)

The net increases for the period, after deduction of the related decreases and excluding movements in the Right-of-Use in application of IFRS 16, amounted to a total of Euro 14.9 million and refer mainly to:

- Euro 5 million for technological upgrading, regulatory adjustments and ordinary improvements of existing plant;
- Euro 4 million for the industrial streamlining of production processes and the optimisation and cutting of utility consumption;
- for approx. Euro 2.6 million the streamlining of ECONYL® regenerated caprolactam production plant and the refining and streamlining of the entire ECONYL® system, in addition to measures to bring the bio-caprolactam demonstration plant to industrial production;
- for approx. Euro 2.5 million the expanded production capacity of the three product lines across the Group's regions, mainly BCF USA, NTF and completion of the EP EMEA line.

The decreases of approx. Euro 1 million, excluding the relative decreases for rights-of-use in application of IFRS 16, mainly concern the repayment of advances to suppliers on the unexecuted investment projects, particularly at Aquafil O'Mara and Aquafil SLO.

Reclassifications of Euro 22 million mainly concern:

- for approx. Euro 16 million reclassifications related to the company ACR #2 for the beginning of production activities for the extraction of nylon 6 and other by-products from post-consumer waste products; an industrial reorganisation of this production site is planned during 2022, as detailed in paragraph 11.1 of the Directors' Report.
- for approx. Euro 2 million increases on land and buildings, mainly at Aquafil S.p.A.;
- for approx. Euro 4 million the technological improvement and upgrading of existing plant and equipment;

All the remaining assets in progress concern industrial investments that are either incomplete or not fully operational, but for which full operability is certain and currently envisaged in the Group's strategic plans.

The recoverability of all assets, including investments not yet definitively operative, was verified with an impairment test carried out on the only Aquafil Group CGU.

The table below, in accordance with IFRS 16, presents the right-of-use of the non-current asset subject to the leasing contract. In particular this refers to buildings, equipment and transport and motor vehicles as illustrated in the table below:

(in Euro thousands)	Right-of-use buildings	Right-of-use equipment and transport vehicles	Right-of-use motor vehicles	Right-of-use other	Total
December 31, 2020	14,428	3,470	673	72	18,643
– <i>Historical cost</i>	22,548	5,982	995	94	29,619
– <i>Accumulated depreciation</i>	(8,120)	(2,511)	(322)	(23)	(10,976)
Increase	5,392	822	848	0	7,062
Decreases	(107)	(17)	(135)	0	(259)
Depreciation	(6,111)	(1,453)	(329)	(20)	(7,913)
Exchange diff. - Historic cost	981	124	32	8	1,145
Exchange diff. - Accumulated depreciation	(346)	(59)	(6)	(3)	(413)
December 31, 2021	14,237	2,887	1,084	57	18,265
– <i>Historic cost</i>	28,417	5,720	1,616	102	35,855
– <i>Accumulated depreciation</i>	(14,180)	(2,833)	(532)	(45)	(17,591)
Increases	5,182	1,534	202	0	6,918
Decreases	(194)	(451)	(28)	0	(672)
Depreciation	(3,291)	(726)	(207)	(11)	(4,234)
Exchange diff. - Historic cost	1,144	151	52	9	1,356
Exchange diff. - Accumulated depreciation	(533)	(83)	(11)	(5)	(632)
June 30, 2022	16,544	3,313	1,093	51	21,001
– <i>Historic cost</i>	29,425	6,056	1,744	112	37,337
– <i>Accumulated depreciation</i>	(12,881)	(2,744)	(651)	(61)	(16,336)

The changes mainly concern:

- renewals of lease contracts for industrial buildings used for logistics purposes, at Aquafil S.p.A., Aquafil Engineering, Tessilquattro and Aquafil Slo for Euro 3.7 million;
- the signing by the subsidiary Aquafil Carpet Collection of a lease agreement for industrial buildings for Euro 1.5 million;

- rental contracts for apartments for employee use and the hire of company cars, air compressors and internal handling equipment.

5.3 Current and non-current financial assets and investments measured at equity

The breakdown of the account is shown below (including current and non-current):

(in Euro thousands)	June 2022	December 2021
Receivables from parent companies	234	234
Investments valued at equity	1,018	1,018
Investments in group companies	58	6
Investments in other companies	14	18
Escrow bank deposits	1,891	901
Current and non-current financial assets	312	308
Receivables from related parties	79	79
Derivative financial instruments	2,366	25
Total	5,972	2,589
<i>of which current</i>	4,216	860
<i>of which non-current</i>	1,756	1,728

“Receivables from parent companies” refer to guarantee deposits paid by Aquafil S.p.A. to the Parent Company Aquafin Holding S.p.A. over the multi-year leasing contract for the industrial and logistical use property located in viale dell’Industria - Verona.

“Investments in Group companies and other companies” concerns the minor investments, including Bluloop S.r.l., Aquafil Chile S.p.A. and Aquafil India.

“Investments valued at equity” concern the 32% interest in the Norwegian company Nofir AS, based in Mørkved, Bodø, Norway, a European leader in the collection and treatment of end-of-life fish netting.

The “Escrow bank deposits”, amounting to Euro 1.9 million, are held mainly by the Group company Aquafil Jiaxing Co Ltd, with a short-term restriction.

“Receivables from other related parties” refer to guarantee deposits paid by Tessilquattro S.p.A. and Aquafil S.p.A. to Aquaspace S.p.A. over a multi-year leasing contract for the industrial and logistical use property located in Via del Garda 40 - Rovereto.

“Derivative financial instruments” includes the positive fair value of derivative instruments outstanding at June 30, 2022 (IRS - Interest Rate Swap), which, although entered into to hedge changes in borrowing rates, have been treated for accounting purposes, consistently with the past, as non-hedging instruments as they do not meet all the requirements under international standards to be recognised in the manner established for hedge accounting.

Consequently, the fair value at June 30, 2022 (Euro 2,366 thousand) is classified to current “Financial assets” and movements are recognised to the income statement (in the period amounting to Euro 2,341 thousand), net of the positive effect related to the change in derivatives with negative fair value at December 31, 2021 amounting to Euro 468 thousand, for a total value in the income statement of positive Euro 2,809 thousand.

5.4 Other non-current assets

The amount mainly relates to the receivable of the parent company Aquafil S.p.A. and Aquafil SLO d.o.o. from the European Union related to the “Effective” project, co-ordinated by Aquafil and funded by Bio-Based Industries Joint Undertaking (BBI JU) as part of the European Horizon 2020 research programme, with the entire chain (from raw material manufacturers to brands) involved in validating the use of bio Nylon 6 and other bio-polymer consumer market products.

In particular, with the signing of the agreement between the partners and other lenders, an overall amount of Euro 3.3 million was stipulated, with deferred income recognised under “Other liabilities” (Note 5.15). The receivable is reduced for the amounts effectively

paid by the European Union, substantially recognised on the basis of the convention rules which provides for payment based on the state of advancement. At June 30, 2022, the residual receivable amounted to Euro 0.4 million.

5.5 Deferred tax assets and liabilities

The breakdown of the items “Deferred tax assets” and “Deferred tax liabilities” is shown below:

(in Euro thousands)	June 2022	December 2021
Deferred tax assets	13,533	12,269
Deferred tax liabilities	(12,666)	(11,158)
Total	868	1,111

Deferred tax assets totalled Euro 13.5 million, increasing Euro 1.3 million on December 31, 2021, while deferred tax liabilities amount to Euro 12.7 million, increasing Euro 1.5 million on December 31, 2021.

5.6 Inventories

The changes in the account were as follows:

(in Euro thousands)	June 2022	December 2021
Raw materials, ancillary and consumables	94,707	75,902
Finished products and goods	142,489	100,889
Advances	694	452
Total	237,890	177,243

Inventories are recorded net of the obsolescence provision amounting to Euro 0.88 million and relates to slow-moving stock.

The significant increase is mainly due to the increased cost of raw materials and of components of industrial costs, as also outlined in the Directors’ Report, to which reference should be made.

5.7 Trade receivables

The changes in the account were as follows:

(in Euro thousands)	June 2022	December 2021
Trade receivables	43,036	32,929
Parent, associates and other related parties	38	71
Doubtful debt provision	(1,659)	(1,767)
Total	41,416	31,233

The increase in trade receivables strictly relates to the greater volume of activities in H1 2022.

The following table provides a breakdown of trade receivables at June 30, 2022, grouped by due date and net of the doubtful debt provision:

(in Euro thousands)	June 30, 2022	Not yet due	Overdue within 30 days	Overdue between 31 and 90 days	Overdue between 91 and 120 days	Overdue beyond 120 days
Guaranteed trade receivables (a)	35,504	30,175	4,053	600	139	536
Non-guaranteed trade receivables (b)	7,330	6,546	350	142	92	200
Non-guaranteed trade receivables impaired (c)	240	15	0	0	0	225
Trade receivables before doubtful debt provision [(a) + (b) + (c)]	43,075	36,736	4,403	743	230	961
Doubtful debt provision	(1,659)	(1,119)	(258)	(45)	(12)	(225)
Trade receivables	41,416	35,564	4,146	698	218	790

5.8 Current tax receivables

Current tax receivables of Euro 0.6 million refer to advances paid for current taxes by the Parent Company Aquafil S.p.A., Aquafil USA Inc. and Aquafil Engineering GmbH.

5.9 Other current assets

The changes in the account were as follows:

(in Euro thousands)	June 2022	December 2021
Tax receivables	3,180	3,119
Supplier advances	2,662	834
Pension and social security institutions	258	195
Employee receivables	155	298
Tax receivables from parent	0	3,152
Other receivables	1,249	1,868
Prepayments and accrued income	5,199	3,387
Total	12,703	12,853

The following is specified in relation to the above items:

- tax receivables: refer mainly to an amount of Euro 2.4 million receivables for Value Added Tax (VAT) and Euro 0.8 million in tax credits determined pursuant to Article 1, paragraph 35, of Law No. 190 of 23/12/2014 and successive amendments;
- supplier advances increased, as did trade payables, as a direct result of the increase in business in the first half of 2022 and the increased purchase prices of raw materials, products and services, as described in detail in the Directors' Report;
- tax receivables from parent: these refer to tax receivables from Aquafin Holding S.p.A. generated by the transfer of the tax losses of Tessilquattro S.p.A. to tax consolidation, with Aquafin Holding S.p.A. as the consolidating entity, but through Aquafil S.p.A., which per the tax consolidation agreement remains responsible for netting in the calculation of tax receivables and payables relating to IRES (company income tax) as per Article 228 and subsequent of the Income Tax Law for the latter and the companies Aquafil S.p.A. and Tessilquattro S.p.A.. The reduction relates to the assessable income generated in the period by Aquafil S.p.A., which therefore reduced the receivable reported at December 31, 2021;
- other receivables: the decrease of Euro 0.6 million on the previous year is mainly due to the receipt of the tax credit relating to the tax dispute concerning the sale of the Domo Engineering Plastics S.p.A. holding, as outlined in the Directors' Report, to which reference should be made;
- prepayments and accrued income: these mainly refer to amounts arising from procedures for the recovery of duties paid and recorded in the Income Statement but not yet collected, prepayments on the purchase of maintenance materials and consultancy expenses for Information and Communication Technology. The increase on the previous period relates to the timing of the recognition of these costs.

5.10 Cash and cash equivalents

The account is comprised of:

(in Euro thousands)	June 2022	December 2021
Cash and equivalents	21	18
Bank and postal deposits	136,920	152,638
Total	136,941	152,656

The item relates to the current account balances of the different Group companies. The breakdown of cash and cash equivalents in Euro of foreign currencies is illustrated in the table below:

(in Euro thousands)	June 30, 2022
EUR	85,980
HRK	89
TRL	75
USD	30,645
THB	1,930
CNY	15,356
AUD	313
GBP	111
JPY	2,442
Total	136,941

There were no restrictions on liquidity.

For further details on cash and cash equivalents, reference should be made to the consolidated cash flow statement.

5.11 Shareholders' Equity

The movement of the individual accounts is presented in the Statement of changes in Consolidated Shareholders' Equity. The individual components are described below.

Share capital

At June 30, 2022, the Parent Company Aquafil S.p.A.'s authorised share capital amounted to Euro 50.7 million, whose subscribed and paid-up capital amounts to Euro 49.72 million, while the unsubscribed and unpaid portion relates to: (i) an amount of Euro 0.15 million as the residual capital increase in service of Aquafil Market Warrants and (iii) an amount of Euro 0.80 million for the capital increase in service of Aquafil Sponsor Warrants.

The subscribed and paid-up share capital is divided into 51,218,794 shares without nominal value divided into:

- 42,822,774 ordinary shares, identified by the ISIN Code IT0005241192;
- 8,316,020 special Class B shares, identified by the ISIN Code IT0005285330 which, in compliance with any legal limits, assign 3 exercisable voting rights pursuant to Art. 127-sexies of Legislative Decree No. 58/1998 in shareholders' meetings of the company and which may be converted into ordinary shares under specific conditions and circumstances as regulated by the By-Laws, at the rate of one ordinary share for each Class B share;
- 80,000 special Class C shares, identified by the ISIN Code IT0005241747, without voting rights in the ordinary and extraordinary shareholders' meetings of the company and excluded from the right to receive profits which the company resolves to distribute as an ordinary dividend. These shares may be converted under the conditions and circumstances governed by the by-laws.

The detailed breakdown of Aquafil S.p.A.'s subscribed and paid-up share capital at June 30, 2022 is shown below:

Type of shares	No. shares	% Of share capital	Listing
Ordinary	42,822,774	83.61%	MTA, STAR Segment
Class B	8,316,020	16.24%	Non-listed
Class C	80,000	0.15%	Non-listed
Total	51,218,794	100%	

On the basis of communications sent to the National Commission for Companies and the Stock Exchange “Consob”, and received by the Company pursuant to Article 120 of Legislative Decree No. 58 of February 24, 1998, as well as the effect of the conversion of Market Warrants in the year, holders of a significant shareholding as at June 30, 2022 — i.e. considering Aquafil S.p.A.’s qualification as an SME pursuant to Article 1(w-quater.1) of the CFA and with a shareholding greater than 5% of the Aquafil S.p.A. voting share capital — are as follows:

The declarant or subject at the top of the equity chain	Direct Shareholder	Type of shares	No. shares	No. of voting rights
GB&P S.r.l.	AquaFin Holding S.p.A.	Ordinary	21,487,016	21,487,016
		Class B	8,316,020	24,948,060
		Total	29,803,036	46,435,076
		Holding	58.19%	68.52%

Warrants

The following were initially issued on listing:

- (i) 7,499,984 Aquafil Market Warrant, listed identified by the ISIN Code IT0005241200, which incorporate the right to the allocation of Aquafil S.p.A. shares of Conversion Market Warrants and are exercisable under the conditions set out in the relative regulation approved by the Space3 extraordinary shareholders’ meeting by resolution of December 23, 2016;
- (ii) 800,000 Aquafil Sponsor Warrants, identified by the ISIN Code IT0005241754, non-listed and exercisable within ten years from the date of December 4, 2017, payable at the unit exercise price of Euro 13.0 (on achieving a “Strike Price” of Euro 13.0), in response to the allocation of an Aquafil share of Aquafil Conversion Sponsor Warrants for each Sponsor Warrant exercised.

On June 30, 2022, 2,014,322 Aquafil Market Warrants were converted (with the allocation of 498,716 Conversion Shares) and therefore the number of Market Warrants still in circulation totalled 5,485,662.

In the first half of 2022, no Aquafil Sponsor Warrants were converted.

Legal Reserve

The legal reserve at June 30, 2022 was equal to Euro 1.3 million; the increase of Euro 0.6 million was approved by the Shareholders’ Meeting of April 28, 2022 which allocated to this reserve one-twentieth of the profit for the year 2021.

Translation reserve

The translation reserve, positive at June 30, 2022 for Euro 5.8 million (increasing Euro 13.8 million in the year), includes all the differences arising from the translation into Euro of the subsidiaries’ financial statements included in the consolidation scope expressed in foreign currency.

This is the effect therefore of statement translation, so it had no impact on profits for the year, but is recognised on the consolidated comprehensive income statement as reserves to be carried forward.

Share premium reserve

The item amounted to Euro 19.98 million at June 30, 2022 and is derived from the merger transaction between Aquafil S.p.A. and Space3 S.p.A. in 2017.

Listing costs/Share capital increase reserve

The item amounted to Euro 3.29 million at June 30, 2022 as a decrease in shareholders’ equity and relates to the costs incurred in 2017 for the listing and thereafter the share capital increase.

“First Time Adoption” Reserve (FTA)

The item amounts to Euro 2.39 million and represents the conversion effects from Italian GAAP to IFRS.

IAS 19 Reserve

At June 30, 2022, it was equal to a Euro 0.8 million reduction in shareholders' equity and includes the actuarial effects at that date of severance indemnities and all the other benefits for employees of Group companies.

Negative reserve for treasury shares in portfolio

The negative reserve for treasury shares in portfolio totalled Euro 6.8 million at June 30, 2022. It should be noted that, on October 20, 2021, Aquafil S.p.A. announced that the Company's Shareholders authorised the purchase of treasury shares in accordance with Article 2357 of the Italian Civil Code. This authorisation by Shareholders has a duration of 18 months from the date of the authorising resolution. The operation is aimed at enabling the Company to purchase and/or make use of the Company's ordinary shares for: (i) making investments and limiting anomalous changes in share prices so as to promote regular trading outside of normal fluctuations tied to market trends, while, in any event, observing applicable laws and regulations; and (ii) establishing a securities reserve for future uses in accordance with the strategies that the Company intends to pursue as payment in corporate transactions with other parties or other extraordinary uses. The Shareholders authorised the purchase, in one or more tranches, of ordinary shares up to a maximum number which, taking account of the ordinary shares which may be held in portfolio by the company and by its subsidiary, does not total more than 3% of share capital.

As part of the treasury shares buy-back plan approved by the Shareholders' Meeting of October 20, 2021, during the period the Company purchased an additional 637,329 treasury shares and therefore at June 30, 2022 the total number of shares purchased and held by the company was 969,090 treasury shares, equal to 1.8921% of the share capital, for a total value of Euro 6,829,631.

Retained earnings

At June 30, 2022, the account amounts to Euro 92.62 million and represents the results generated by the Aquafil Group in previous years (including pre-merger with Space3 S.p.A.), net of the distribution of dividends.

Minority interest shareholders' equity

As illustrated in paragraph 2 "Consolidation scope" and consolidation criteria, the minority interests shareholders' equity substantially reduced to zero.

5.12 Employee benefits

The account is comprised of:

(in Euro thousands)	June 30, 2022
December 31, 2021	5,910
Financial charges	7
Advances and settlements	(198)
Actuarial gains/(losses)	(272)
June 30, 2022	5,448

The post-employment benefits provision includes the effects of discounting as required by the IAS 19 accounting standard. The following is a breakdown of the main economic and demographic assumptions used for actuarial valuations:

	June 30, 2022
Financial assumptions	
Discount rate	2.56%
Inflation rate	2.10%
Annual increase in employee leaving indemnity	3.08%
Demographic assumptions	
Death	The RG48 mortality tables published by the General State Controller
Disability	INPS tables by age and gender
Retirement	100% on satisfying AGO requirements
Annual frequency of Turnover and leaving indemnity advances	
Frequency advances	4.50%
Frequency turnover	2.50%

The bond's financial average duration at June 30, 2022 is approx. 7 years.

5.13 Current and non-current financial liabilities

The account is comprised of:

(in Euro thousands)	June 2022	<i>of which current portion</i>	December 2021	<i>of which current portion</i>
Medium/long term bank loans	220,931	51,001	215,248	48,932
Accrued interest and accessory charges on medium/long-term bank loans (*)	(489)	(489)	(549)	(549)
Total medium/long-term bank loans	220,443	50,512	214,699	48,384
Bond loans	90,327	12,857	90,353	7,143
Accrued interest and charges on bonds	260	260	316	316
Total bond loan	90,587	13,117	90,670	7,459
Leasing and RoU financial payables	28,698	13,649	26,820	13,393
Liabilities for derivative financial instruments	0	0	468	0
Other lenders and banks – short term	3,602	3,602	203	203
Total	343,330	80,880	332,859	69,438
Total non-current financial liabilities	262,449		263,421	

(*) Represents the effect of applying the amortised cost method

Medium/long term bank loans

This item refers to payables relating to financing agreements obtained from credit institutions. These agreements stipulate the payment of interest at a fixed rate or, alternatively, at a variable rate typically linked to the Euribor rate for the period plus a spread.

	Original amount	Granting date	Maturity date	Repayment plan	Rate applied	June 30, 2022	of which current portion
<i>(in Euro thousands)</i>							
Medium/long term bank loans - fixed rate							
Banca Intesa (*) (**)	15,000	2018	2024	Half-yearly from 31/07/2019	1.15% fixed (**)	6,429	2,571
Banca Nazionale del Lavoro (*)	7,500	2018	2025	Half-yearly from 31/12/2019	1.4% fixed	4,091	1,364
Banca Nazionale del Lavoro (*)	12,500	2018	2025	Half-yearly from 31/12/2019	1.25% fixed	6,818	2,273
Credito Valtellinese (*)	15,000	2018	2024	Quarterly from 05/10/2018	1% fixed	9,703	4,286
Banca di Verona	3,000	2019	2024	Quarterly from 06/08/2021	1.30% fixed	2,273	727
Cassa Centrale Banca Cred. Coop. Nord Est (*)	15,000	2019	2026	Quarterly from 30/09/2021	1.25% fixed since 01/07/2024 Euribor 3 months +1	12,074	2,962
Cassa Centrale Banca Cred. Coop. Nord Est (*)	11,000	2022	2029	Quarterly from 31/12/2023	1.20% fixed for the first 4 years - Euribor 3 months + 1	11,000	0
Cassa Depositi e Prestiti (*)	20,000	2020	2027	Half-yearly from 20/06/2023	1.48% fixed	20,000	2,000
Total Medium/long term bank loans - fixed rate						72,388	16,183
Medium/long term bank loans - variable rate							
Banca Popolare di Milano (*) (**)	25,000	2018	2026	Quarterly from 31/03/2020	Euribor 3 months + 0.90%	18,233	4,534
Cassa Risparmio di Bolzano (*)	20,000	2018	2025	Quarterly from 31/03/2020	Euribor 3 months + 0.85%	14,089	3,983
Banca di Verona	3,500	2016	2023	Quarterly from 30/06/2017	Euribor 3 months + 1.80%	662	662
Banca di Verona	15,000	2017	2024	Quarterly from 30/06/2017	Euribor 3 months + 2%	6,468	2,549
Deutsche Bank (*)	5,000	2018	2024	Quarterly from 15/01/2019	Euribor 3 months + 1.20%	2,813	1,250
Credit Agricole Friuladria (*) (**)	10,000	2017	2025	Quarterly from 31/03/2019	Euribor 3 months + 1.30%	5,515	1,825
Credito Valtellinese	3,000	2017	2023	Quarterly from 05/07/2017	Euribor 3 months + 0.90%	763	609
Monte dei Paschi di Siena (*)	15,000	2018	2025	Half-yearly from 31/12/2019	Euribor 6 months + 0.80%	11,250	3,750
Credito Emiliano	5,000	2018	2022	Monthly from 26/11/2018	Euribor 1 month + 0.65%	558	558
Cassa Rurale Raiffeisen Alto Adige	3,000	2017	2023	Quarterly from 30/06/2018	Euribor 3 months + 0.90%	573	573
Banca Popolare di Sondrio	5,000	2017	2023	Monthly from 31/08/2018	Euribor 1 month + 0.80%	1,370	1,264
Banco BPM (*) (**)	15,000	2019	2025	Quarterly from 30/09/2020	Euribor 3 months + 1.05%	10,539	2,993
Banca Popolare Emilia Romagna (*) (**)	10,000	2019	2025	Monthly from 26/09/2020	Euribor 3 months + 0.75%	7,941	2,487
Credit Agricole Friuladria (*) (**)	10,000	2019	2025	Half-yearly from 28/12/2020	Euribor 6 months + 1.05%	6,364	1,818
Banca del Mezzogiorno (*) (**)	10,000	2019	2026	Quarterly from 09/11/2020	Euribor 1 month + 1.20%	7,500	2,000
Banca Intesa	30,000	2021	2027	Quarterly from 30/06/2023	Euribor 6 months + 1.10%	30,000	3,000
Credito Valtellinese (*)	5,000	2020	2025	Quarterly from 30/09/2021	Euribor 3 months +1.40%	3,905	963
Cassa Depositi e Prestiti (*)	20,000	2022	2027	Quarterly from 30/06/2024	Euribor 6 months +1.55%	20,000	
Total Medium/long term bank loans - variable rate						148,543	34,818
Accrued interest on medium/long term bank loans						(489)	(489)
Medium/long term bank loans - fixed and variable rate						220,443	50,512

(*) Loans that provide for compliance with financial covenants

(**) Loan to which an interest rate swap contract is linked under which interest to be paid to the bank is fixed and equal to the value shown in the table.

Certain loan agreements provide for compliance with financial and equity covenants, as summarised below:

Loan	Period	Parameter	Reference	Limit
Credite Agricole Friuladria	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net debt/EBITDA net of lease costs		≤ 3.75
Banca Intesa	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Cassa di Risparmio di Bolzano	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Banca Nazionale del Lavoro	Annually	Net Debt/Net Equity	Group	≤ 2.50
	Annually	Net Debt/EBITDA		≤ 3.75
Banco BPM	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Credito Valtellinese	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Deutsche Bank	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
	Annually	EBITDA/Financial charges		> 3.50
Monte dei Paschi di Siena	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Cassa Centrale Banca Cred. Coop. Nord Est	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Banca Popolare Emilia Romagna	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
MCC/Banca del Mezzogiorno	Annually	Net Debt/EBITDA	Group	≤ 3.75
	Annually	Net Debt/Net Equity		≤ 2.50
Cassa Depositi e Prestiti	Half-yearly	Net Debt/EBITDA	Group	≤ 3.75
	Half-yearly	Net Debt/Net Equity		≤ 2.50

In the first half of 2022, the loans were settled according to the normal repayment plan, for a total of Euro 25.3 million and new medium-term transactions signed for a total of Euro 31 million.

For further information on the transactions undertaken in the period with the lending institutions, reference should be made to the Directors' Report and also paragraph "7 Net financial debt" below.

With reference to the loans granted, there are no mortgages or guarantees registered on company assets.

For bank loans stipulating compliance with the above half-yearly covenants, these had been satisfied at June 30, 2022.

Bond loans

The company had issued two fixed-rate bond loans for an original total value of Euro 90 million, as follows:

1. a first bond loan ("A"), initially issued on June 23, 2015 and subscribed by companies belonging to the US Group Prudential Financial Inc., with a value equal to Euro 50 million, to be repaid in 7 equal instalments of Euro 7.1 million, of which the first with maturity on September 20, 2022 and the last on September 20, 2028, subject to a fixed interest rate of 3.70% with the application of a "margin ratchet" condition which provides for a gradual increase in the rate up to a maximum of 1% on the fluctuation of the NFP/EBITDA ratio of the Group. During the period, due to the NFP/EBITDA ratio of the previous contractual six-month period, a surcharge of 0.50% was applied until March 20, 2022, and cancelled thereafter. This surcharge will not be applied for the remaining months of 2022;
2. in addition to the line of credit used for the "A" bond loan, the Prudential Group has granted the company a so-called "Shelf Facility" available on request and usable up to a maximum amount of approx. USD 90 million. This line was partially used to cover the issuance of the second bond ("B") and remains available at current market conditions for and additional approx. USD 50 million. The second bond loan was issued on May 24, 2019 in order to finance the acquisition of Aquafil O'Mara and subscribed by companies belonging to the US Group Prudential Financial Inc. for a total of Euro 40 million; the terms provide for repayment in 7 annual instalments from May 24, 2023, a fixed interest rate equal to 1.87%, with the application of the same "margin ratchet" condition, similar to that for Bond Loan A, not applicable in the period. During the period, due to the NFP/EBITDA ratio of the previous contractual six-month period, a surcharge of 0.50% was applied until May 24, 2022, and cancelled thereafter. This surcharge will not be applied for the remaining months of 2022.

The following table summarises the main characteristics of the aforementioned bond loans:

Bond loan	Total Nominal Value	Issue date	Maturity date	Capital portion repayment plan	Interest rate applied
Bond loan A	50,000,000	23/06/2015	20/09/2028	7 annual instalments from 20/09/2022	3.70%
Bond loan B	40,000,000	24/05/2019	24/05/2029	7 annual instalments from 24/05/2023	1.87%

Bond loans envisage compliance with the following financial covenants, as contractually defined, to be calculated on the basis of the Group's consolidated financial statements:

Bond loan A - B

Financial parameters	Parameter	Covenant limit
Interest Coverage Ratio	EBITDA/Net financial charges	> 3.50
Leverage Ratio (*)	Net Debt/EBITDA	< 3.75
Net Debt Ratio	Net Debt/Net Equity	Minimum Net Equity threshold levels

(*) This indicator must be calculated with reference to the 12-month period which terminates on December 31 and June 30 for all years applicable. For June 30, 2021, the required "Leverage Ratio" is < 4.25, while for subsequent periods it reverts to < 3.75.

Non-compliance with just one of the above financial parameters, where not resolved within the contractual deadlines provided, would constitute a circumstance for the bond loan's compulsory early repayment.

Compliance with the above covenants is on a half-yearly basis. At June 30, 2022, these covenants had been complied with. It should also be noted that on the basis of the Group's earnings and debt forecasts, to date there are no elements to consider compliance with the above covenants to be at risk in the near future.

The terms and conditions of the above bond loans also envisage, as is customary for financial transactions of this type, a structured series of commitments to be borne by the Company and Group companies ("Affirmative Covenants") and a series of limitations on the possibility of carrying out certain transactions, if not in compliance with certain financial parameters or specific exceptions provided for by the agreement with the bondholders ("Negative Covenants"). Specifically, there are in fact certain limitations on the assumption of financial debt, on carrying out certain investments and on acts of disposal of corporate assets. To ensure the timely and correct fulfilment of obligations arising on account of the Parent Company from the issue of securities, the companies Aquafil Usa Inc. and Aquafil SLO d.o.o. have issued joint corporate guarantees in favour of underwriters:

Lease liability

The lease liability, which amounts to Euro 28.7 million, includes Euro 22.4 million relating to the effects of application of IFRS 16. The lease liability also includes the finance lease contract with the company Trentino Sviluppo S.p.A., involving the building in Arco (TN). The contract in question was entered into in December 2007 and expires in November 2022. At June 30, 2022, the residual capital relating to financial leasing contracts totalled Euro 6.1 million (including the redemption payable of Euro 5.5 million). The contract is regulated at the 6-month Euribor rate plus a spread of 0.50%.

5.14 Provisions for risks and charges

The account is comprised of:

(in Euro thousands)	June 2022	December 2021
Agents' supplementary indemnity provision and others	1,377	1,361
Guarantee fund on client engineering orders	114	567
Total	1,492	1,929

5.15 Other current and non-current liabilities

The account is comprised of:

(in Euro thousands)	June 2022	<i>of which current portion</i>	December 2021	<i>of which current portion</i>
Employee payables	15,248	15,248	12,824	12,824
Social security payables	3,124	3,124	3,103	3,103
Payables to parent for income taxes	241	241	230	230
Tax payables	3,202	3,202	2,535	2,535
Other payables	1,609	1,609	2,514	2,514
Accrued liabilities and deferred income	14,799	5,031	15,215	4,402
Total	38,223	28,455	36,421	25,608
Total other non-current liabilities	9,769		10,813	

“Employee payables” include amounts payable to employees at year-end by companies of the Group, and they increased mainly due to the recovery in revenues and margins and therefore of bonuses.

“Payables to Parent for income taxes” entirely refer to Tessilquattro S.p.A. payables to the Parent Company Aquafin Holding S.p.A. as per the tax consolidation regime.

“Tax payables” concerns mainly the amounts due for Value Added Tax (VAT) and the increase is strictly related to the increased operations in the second half of the year.

Accrued liabilities and deferred income mainly comprise:

- the commercial contract with the US group Interface, involving a worldwide collaboration for supply and product development. Specifically, Aquafil S.p.A. undertook an obligation until 2026 to guarantee Interface rights of supply, against which the client, in addition to committing to annual minimum volumes, paid to Aquafil USD 24 million in a number of tranches. At June 30, 2022, this deferred revenue (recognised to deferred income) amounts to Euro 9.1 million;
- the deferral of the portion pertaining to future years of the contribution obtained from the European Union for the “EFFECTIVE” research project, as outlined also at paragraphs 5.1 and 5.4 above. The original deferred income recognised for Euro 3.3 million which concerns the overall contribution recorded at the signing date of the agreement with lending banks (with counter-entry to Other non-current assets) amounts to Euro 2.3 million at June 30, 2022. It should be noted that from 2019 onwards, costs relating to the EFFECTIVE project are capitalised under intangible assets for the portion eligible under IAS 38. Therefore, the residual contribution from the capitalised portion is recognised, from this period, to the income statement for a period of 5 years, as outlined in paragraphs “5.1 Intangible Assets” and “5.4 Other non-current assets” above.

5.16 Trade payables

The account is comprised of:

(in Euro thousands)	June 2022	December 2021
Trade payables	153,943	122,507
Payables to parent, associates and other related parties	249	352
Payments on account	3,494	3,707
Total	157,687	126,566

This account includes payables related to the normal conduct of commercial activity by the Group, in particular, the purchase of raw materials and external processing services.

The increase strictly relates to the greater volume of activities in H1 2022 and the higher prices of raw materials, products and services, as outlined in the Directors’ Report.

Advances mainly concern (Euro 2.7 million) those received by Aquafil Engineering GmbH for the execution of orders.

At June 30, 2022 there were no payables falling due over five years recognised to the financial statements.

5.17 Current tax payables

Current tax payables of Euro 3.2 million refer to Group company income tax payables. The increase is strictly related to the improved results for the period.

6. NOTES TO THE CONSOLIDATED INCOME STATEMENT

6.1 Revenues

The breakdown of revenues is shown below:

	June 2022		June 2021		Change	
	in Euro millions	%	in Euro millions	%	in Euro millions	%
EMEA	204.5	58.3%	167.4	60.9%	37.2	22.2%
North America	94.4	26.9%	58.1	21.2%	36.3	62.4%
Asia and Oceania	50.5	14.4%	48.3	17.6%	2.2	4.6%
Rest of the world	1.6	0.5%	0.9	0.3%	0.7	69.8%
Total	351.0	100.0%	274.7	100.0%	76.3	27.8%

Revenues almost entirely include the value of the sale of goods of the three Group product lines described above, that is, the BCF Product Line (carpet fibers), the NTF Product Line (clothing fibers) and the Polymers Product Line.

The significant increase in the period (+27.8%) is mainly due to the higher price of raw materials and of products and services in the period, which were reflected in the corresponding rise in sales prices, as outlined in the Directors' Report, which also presents the breakdown of revenues by Product Line.

In accordance with IFRS 15, revenues include, as a direct reduction in their amount, cash discounts, which amount to Euro 2.1 million at June 30, 2022.

6.2 Other revenues and income

"Other revenues and income" amounts to Euro 2.4 million and refers mainly to:

- Euro 2 million in grants received by Aquafil Carpet Recycling #1 and Aquafil Carpet Collection for the Core project involving the recovery of end-of-life carpets;
- The portion accruing in the period of the grant for Euro 0.1 million for the "Effective" project, relating to Aquafil S.p.A., Tessilquattro S.p.A. and AquafilSLO doo.

6.3 Raw material costs

The account includes raw materials and consumables costs, in addition to changes in inventories.

The increase is related to the increase in business in the first half of the year and the increase in raw material purchase prices (mainly caprolactam and polymer) recorded in the period. The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Raw materials and semi-finished goods	136,584	120,190
Ancillaries and consumables	17,918	12,745
Other purchases and finished products	3,863	2,559
Total	158,365	135,494

6.4 Service costs

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Transport, shipping & customs	16,962	9,774
Electricity, propulsive energy, water and gas	36,886	18,203
Maintenance	4,829	4,372
Services for personnel	2,515	1,633
Technical, ICT, commercial, legal & tax consultancy	5,818	4,550
Insurance	1,635	1,274
Marketing and advertising	2,418	1,664
Cleaning, security and waste disposal	1,906	1,845
Warehousing and external storage	2,247	1,920
External processing	3,190	2,052
Other sales expenses	148	100
Statutory auditors fees	83	78
Other service costs	2,118	1,375
Rentals and hire	1,203	1,261
Total	81,957	50,100

The increase in service costs is based on the rise in other purchase costs, which significantly increased in the period, as outlined in the Directors' Report and particularly for transport costs and utilities.

6.5 Personnel costs

These costs are broken down as follows:

(in Euro thousands)	June 2022	June 2021
Wages and salaries	49,496	43,303
Social security expenses	10,766	9,383
Post-employment benefits	984	988
Other non-recurring costs	811	582
Director fees	2,841	1,549
Total	64,898	55,805

"Other non-recurring costs" refers mainly to the start-up activities of Aquafil Carpet Recycling #2 and leaving incentives.

The number of employees, broken down by category, is as follows:

	June 2022	June 2021	Change
Managers	52	49	3
Middle managers	157	142	15
White-collar	434	423	11
Blue-collar	2,160	2,146	14
Total	2,803	2,760	43

The increased personnel cost was mainly due to the higher number of staff at almost all Group production plant, with the average rising from 2,707 in H1 2021 to 2,803 in H1 2022, in addition to an increase in the average cost across all regions.

6.6 Other operating costs and charges

These costs are broken down as follows:

(in Euro thousands)	June 2022	June 2021
Taxes, duties & sanctions	1,518	1,361
Losses on asset sales	51	1
Other operating charges	877	278
Total	2,446	1,640

The item “Taxes, duties and sanctions” mainly includes the costs for local taxes on real estate.

The movement in “Other operating charges” mainly concerns the share related to the provisioning agreement with Domo Engineering Plastics and costs related to previous years.

6.7 Amortisation, depreciation and write-downs of tangible and intangible assets

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Amortisation	2,869	1,702
Depreciation	16,647	16,502
RoU (Right-of-Use) depreciation	4,240	3,823
Write-down of intangible assets	0	885
Impairment - other tangible assets	0	400
Total	23,756	23,312

This figure, substantially in line with the preceding period, relates to the straight-line amortisation and depreciation of fixed assets. Amortisation began in the first half of 2022 (for Euro 1 million) of the intangible asset related to the “Effective” Bio-caprolactam project.

6.8 Provisions and write-downs

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Doubtful debt provision	(26)	(77)
Provisions for risks and charges	(174)	128
Total	(200)	51

6.9 Increases in internal work capitalised

This account, totalling Euro 2.3 million, mainly concerns the capitalisations made relating to the following projects for the technological improvement and adjusting of existing plant and equipment, for new product development, increases in Group production capacity, for the “Effective” project and for Information and Communication Technology projects.

6.10 Financial income

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Derivative financial instruments	2,809	338
Other interest	71	5
Interest income current accts.	106	148
Total	2,987	491

Financial income amounted to Euro 2.9 million, increasing Euro 2.5 million on H1 2021, and whose main component was the increase in the MTM value of the IRS instruments undertaken in order to manage interest rate fluctuations on the parent company's medium-term loan contracts, although accounted as non-hedging contracts, as outlined in paragraph 5.3 "Current and non-current financial assets and investments measured at equity" above.

6.11 Financial charges

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Interest on bank loans and borrowings	1,374	1,265
Interest on bonds	1,441	1,763
Interest exp. on current accounts	345	392
Financial charges and interest expense	701	402
Total	3,862	3,822

6.12 Exchange gains and losses

The breakdown of the account is as follows:

(in Euro thousands)	June 2022	June 2021
Total exchange gains	6,449	2,735
Total exchange losses	(5,921)	(2,475)
Total exchange differences	528	260

The amount, equal to a gain of Euro 0.5 million for the period ended June 30, 2022, is the net balance between exchange rate gains (realised and unrealised) and exchange rate losses (realised and unrealised).

6.13 Income taxes

The breakdown of the account is as follows:

(in Euro thousands)	June 2022	June 2021
Current taxes	3,606	1,865
Deferred taxes	2,850	213
Total	6,457	2,078

Income taxes, which amount to Euro 3.6 million in H1 2022, refer for Euro 2.7 million to income taxes on foreign companies and for Euro 0.6 million to IRAP and for Euro 0.3 million to prior year income taxes. The increase over the previous half year is closely related to the improved results for the period. Aquafil S.p.A. and Tessilquattro S.p.A. opted for the group taxation procedure as chosen by Aquafin Holding S.p.A. in accordance with Article 117 and subsequent of the Income Tax Code.

We report that Aquafil S.p.A. for the current period calculated the IRAP payable in accordance with the provisions for financial companies, at a rate of 4.65%.

6.14 Non-recurring items

The account is comprised of:

(in Euro thousands)	June 2022	June 2021
Non-recurring charges	183	62
Expansion costs Aquafil Group	114	117
ACC and ACR2 non-recurring costs and revenues	1,024	560
Restructuring and other personnel costs	0	125
Charges on investments	0	83
Total non-recurring costs	1,321	947
Investment income	0	(443)
Total non-recurring income	0	(443)
Non-operating income and charges	1,321	504

Non-recurring items refer mainly to costs incurred by Aquafil Carpet Recycling # 2, whose production lines will be transferred to other Group companies, as part of the project to reallocate assets in order to achieve production efficiency gains in support of the ECONYL® system.

Reference should be made to the Directors' Report for further details.

6.15 Earnings per share

The breakdown of the account is as follows:

(in Euro thousands)	June 2022	June 2021
Profit attributable to the owners of the Parent	17,674	8,911
Weighted average number of shares	51,139	51,139
Earnings per share	0.35	0.17

We point out that diluted earnings per share is equal to the above-mentioned earnings per share because there are no stock option plans.

7. NET FINANCIAL DEBT

A breakdown follows of the net financial debt at June 30, 2022 and December 31, 2021, determined in accordance with the ESMA Guidelines (32-382-1138):

Net Financial Debt (in Euro thousands)	June 30, 2022	December 31, 2021
A. Liquidity	136,941	152,656
B. Cash and cash equivalents	0	0
C. Other current financial assets	4,216	860
D. Liquidity (A + B + C)	141,157	153,516
E. Current financial debt (including debt instruments but excluding the current portion of non-current financial debt)	(3,602)	(203)
F. Current portion of non-current financial debt	(77,279)	(69,236)
G. Current financial debt (E + F)	(80,880)	(69,438)
H. Net current financial debt (G - D)	60,276	84,078
I. Non-current financial debt (excluding current portion and debt instruments)	(184,979)	(180,185)
J. Debt instruments	(77,470)	(83,210)
K. Trade payables and other non-current payables	0	0
L. Non-current financial debt (I + J + K)	(262,449)	(263,396)
M. Total financial debt (H + L)	(202,173)	(179,318)

The net financial reconciliation between the beginning and end of the period are presented below. The effects indicated include the currency effects.

(in Euro thousands)		<i>of which current portion</i>	<i>of which non-current portion</i>
Net Debt at December 31, 2021	(179,318)	83,635	(262,953)
Net cash flow in the period	(15,715)	(15,715)	
Decrease in liquidity subject to restrictions	989	989	
New bank loans and borrowings	(31,000)		(31,000)
Repayment / reclass. bank loans and borrowings	25,338	(7,786)	33,125
Repayment / reclass. lease liability	(1,878)	(256)	(1,621)
Change in fair value derivatives	2,809	2,809	
Other changes	(3,399)	(3,399)	
Net Debt at June 30, 2022	(202,172)	60,276	(262,449)

Regarding indirect debt as defined by the ESMA Guidelines, reference should be made to the comments in paragraphs “5.14 Provisions for risks and charges” and “9.1 Commitments and risks”.

8. RELATED PARTY TRANSACTIONS

Transactions and balances with related parties are illustrated in the tables below. The companies indicated are considered related parties as directly or indirectly related to the majority shareholder of the Aquafil Group. Transactions with related parties were undertaken in line with market conditions.

Payables and receivables of the Group with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Subsidiaries	Associates	Related parties	Total	Total book value	% on total account items
Non-current financial assets							
At June 30, 2022	234	58	1,018	79	1,388	1,756	79.04%
At December 31, 2021	234	6	1,018	79	1,336	1,729	77.24%
Trade receivables							
At June 30, 2022		5		33	38	41,416	0.09%
At December 31, 2021				71	71	31,233	0.23%
Other current assets							
At June 30, 2022					0	12,703	0.00%
At December 31, 2021	3,152				3,152	12,853	24.52%
Non-current financial liabilities							
At June 30, 2022	(1,102)			(5,834)	(6,935)	(262,449)	2.64%
At December 31, 2021	(1,370)			(4,989)	(6,359)	(263,421)	2.41%
Current financial liabilities							
At June 30, 2022	(531)			(2,260)	(2,790)	(80,880)	3.45%
At December 31, 2021	(524)			(1,716)	(2,240)	(69,438)	3.23%
Trade payables							
At June 30, 2022				(249)	(249)	(157,687)	0.16%
At December 31, 2021	0			(352)	(352)	(126,566)	0.28%
Other current liabilities							
At June 30, 2022	(241)				(241)	(28,455)	0.85%
At December 31, 2021	(230)				(230)	(25,608)	0.90%

The transactions of the Group with related parties are illustrated in the table below:

(in Euro thousands)	Parent companies	Subsidiaries	Other related parties	Total	Book value	% on total account items
Revenues						
H1 2022			26	26	351,009	0.01%
H1 2021			27	27	274,700	0.01%
Service costs and rent, lease and similar costs						
H1 2022			(230)	(230)	(81,957)	0.28%
H1 2021			(212)	(212)	(50,100)	0.42%
Other operating costs and charges						
H1 2022			(35)	(35)	(2,446)	1.43%
H1 2021			(35)	(35)	(1,640)	2.13%
Financial charges						
H1 2022	(17)		(47)	(64)	(3,862)	1.67%
H1 2021	(23)		(56)	(79)	(3,822)	2.07%
Financial income						
H1 2022		90		90	(70)	(128.57)%
H1 2021				0	0	0.00%

9. OTHER INFORMATION

9.1 Commitments and risks

Other commitments

At June 30, 2022, the Parent Company provided sureties in favour of credit institutions in the interest of subsidiaries for a total of Euro 20 million.

Contingent liabilities

Provided below is a list of fiscal positions and disputed defined and pending as at the balance sheet date that concern the Parent Company, Aquafil S.p.A. We are not aware of the existence of further disputes or proceedings that are likely to have significant repercussions on the Group's economic and financial situation.

- (i) *Initiation of an audit for direct taxes on FY 2016, 2017, 2018 and 2019*: on May 11, 2022, the Trento Tax Agency notified the Company of the initiation of an audit on the 2016, 2017, 2018 and 2019 tax years, with reference to the transfer prices charged by Aquafil to overseas subsidiaries for IT services, in addition to the interest rates applied on loan agreements. The Company has submitted all requested documentation to the Agency and to date no challenges have been made by the Agency in connection with these audits. Pending the development of the Agency's investigative activities for the correct estimation of possible findings, at present, supported by tax consultant opinions, there are no probable liabilities for the Company;
- (ii) *Joint Audit – Aquafil S.p.A./Aqualeuna GmbH*: the company Aqualeuna GmbH was involved in a tax audit by the competent German federal tax office in Leuna concerning inter-company transactions. On July 15, 2021, the company was notified by the German tax administration's audits unit in Halle of the conclusion of the tax audits for fiscal years 2013-2017. The upward adjustment to Aqualeuna's assessable income concerned:
- for the period 2013-2015, not subject to international cooperation with the Italian administration: upward adjustment of Euro 0.7 million, offset by the equal utilisation of the company's prior year losses;
 - for the period 2016, subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 1.4 million, with corresponding equal adjustment to the benefit of Aquafil in Italy, for which during the first half of 2022 the corresponding adjustment was made official by the Trento Provincial Office. In fact, on July 26, 2022, the Office recognised the amount of Euro 0.4 million upon closure of the reimbursement file and therefore without impact on the consolidated results;
 - for the 2017 period, not subject to joint audit by the two administrations, upward adjustment for Aqualeuna of Euro 3.7 million and the submission of a request to recognise a decrease in IRES and IRAP assessable income, filed by Aquafil on January 21, 2022. Given the use of prior year losses of Aqualeuna, the increased taxes for the company for 2013-2017 came to Euro 0.2 million. For tax years 2018 and 2019, not the subject of the aforementioned audits and during which Aqualeuna recognised further tax losses, the German tax administration began another audit in September 2021, requesting that the Italian tax administration launch a joint audit similar to the one conducted for 2016. For these years also, in the event of either a joint audit or the start of out-of-court settlement followed by arbitration, any increases demanded in Germany are expected to be adjusted in Italy. Therefore, given all of the above, and as supported by the opinion of tax consultants, this potential liability is deemed not to be measurable and is, in any event, not probable. For this reason, no allocation to provisions for risks has been recognised.

9.2 Subsequent events

In relation to the initiation of the audit for direct taxes on the years 2016, 2017, 2018 and 2019, as set out in paragraph 3 "significant events in the first half of 2022" of the Interim Directors' Report, it should be noted that on August 26, 2022, Aquafil S.p.A. was served an agreed settlement notice for the tax year 2016 with an invitation to appear on September 15, 2022 and begin the agreed settlement procedure by remote communication.

It should be noted that the audit presented findings upon transfer pricing, noting a higher net production value for IRAP purposes of Euro 910 thousand, for a potential risk for the Company of approx. Euro 24 thousand. For the transfer pricing finding, the IRAP misrepresentation penalty is not applied as the documentation on the documentary charges was found to be suitable.

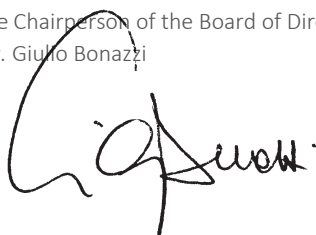
At present, as we await the response from the office to discuss the issues and/or assess the activation of conventional MAPs concerning the double taxation at the Group level, the company deems that it is currently too early to quantify the contingent liability, which is currently seen as merely possible, not probable, and cannot, in any event, be quantified.

On August 24, 2022, Aquafil S.p.A. signed a non-binding term sheet covering the possible acquisition of a majority stake in the Indian company Gujarat Polyfilms Private Limited, which produces nylon 6 polymer and textile fibers at its Surat site in Gujarat, India. The agreement stipulates a period of approx. five months for the completion of all necessary due diligences to enable a full and complete evaluation of the company's industrial and commercial activities. Gujarat Polyfilms Private Limited reported revenues in the last fiscal year ending March 31, 2022 of approx. Euro 55 million. The potential acquisition targets the availability of polyamide 6 polymerization capacity on the Asian market and the continued globalisation of the NTF market for apparel fibers. In addition, the geographical positioning and competitiveness of local cost factors may allow the evaluation of a further possible expansion of the Group's activities in the Asian region.

There were no further significant events which could have an impact on the Half-Year Financial Statements at June 30, 2022.

Arco, August 30, 2022

The Chairperson of the Board of Directors
Mr. Giulio Bonazzi



The Executive Officer
Mr. Sergio Calliari



Statement of the Principal Financial Officer and the Delegated Bodies



Aquafil S.p.A.
Via Linfano 9 - Arco (TN) – Italy
P.I.: 09652170961

STATEMENT OF THE PRINCIPAL FINANCIAL OFFICER AND THE DELEGATED BODIES (art 154-bis, D.lgs. 58/1998) ABOUT THE HALF-YEARLY STATEMENTS OF AQUAFIL

1. The **undersigned** Attilio Annoni, Managing Director, and Sergio Calliari, Principal Financial Officer ex Law 262/05 of Aquafil SpA, certify, based on art. 154-bis, commas 3-4, and Legislative Decree 58/1998:

- the adequacy in relation to the firm characteristics and
- the effective implementation

of the administrative - accountability procedures aimed at preparing the half-yearly statements as of June 30th, 2022.

2. No relevant issues arose.

3. It is also certified that the half-yearly statements as of June 30th, 2022:

- a) are drafted based on the International Financial Reporting Standards (I.F.R.S.), recognized in the European Community in accordance with Regulation (EC) n. 1606/2002 of the European Parliament and of the Council of 19 July 2002;
- b) match with the results of the accountability books and registrations;
- c) are appropriate to give a truthful and correct representation of the statement of the assets, liabilities, and capital of the Company and of the group of companies included in the consolidation process.

The interim management report shall include a reliable analysis of the references to important events that occurred in the first six months of the year and their impact on the consolidated half-yearly financial statement, together with a description of the main risks and uncertainties for the remaining six months of the year. The interim management report shall also include a reliable analysis of information on relevant transactions with related parties.

Arco, August 25th, 2022

Managing Director

Attilio Annoni

Principal Financial Officer

Sergio Calliari

Report on the Audit of the Half-Year Directors' Report at June 30, 2022



Independent auditor's report

Aquafil SpA

*Review report on consolidated condensed
interim financial statements as of
30 June 2022*



Review report on consolidated condensed interim financial statements

To the shareholders of
AQUAFIL SPA

Foreword

We have reviewed the accompanying consolidated condensed interim financial statements of AQUAFIL SPA and its subsidiaries (the "AQUAFIL Group") as of 30 June 2022, comprising the statement of financial position, income statement, statement of comprehensive income, cashflow statement, statement of changes in equity and related notes. The directors of AQUAFIL SpA are responsible for the preparation of the consolidated condensed interim financial statements in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union. Our responsibility is to express a conclusion on these consolidated condensed interim financial statements based on our review.

Scope of review

We conducted our work in accordance with the criteria for a review recommended by Consob in Resolution No. 10867 of 31 July 1997. A review of consolidated condensed interim financial statements consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than a full-scope audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the consolidated condensed interim financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the

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accompanying consolidated condensed interim financial statements of AQUAFIL Group as of 30 June 2022 are not prepared, in all material respects, in accordance with International Accounting Standard 34 applicable to interim financial reporting (IAS 34) as adopted by the European Union.

Trento, 30 August 2022

PricewaterhouseCoopers SpA

Signed by

Alberto Michelotti
(Partner)

This report has been translated into the English language from the original, which was issued in Italian, solely for the convenience of international readers.

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